FBIS DAILY REPORT

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ZHIVKOV, ATANASOV CONGRATULATE USSR ON SPACE FLIGHT

AU031517 Sofia RABOTNICHESKO DELO in Bulgarian 1 Aug 87 p 1

[Text] Todor Zhivkov, BCP Central Committee general secretary and chairman of the State Council, and Council of Ministers Chairman Georgi Atanasov sent the following telegram to the CPSU Central Committee, the USSR Supreme Soviet, and the USSR Council of Ministers:

Dear comrades, please accept our most sincere congratulations on behalf of all Bulgarian people and on our own behalf, on the occasion of the successful conclusion of the new manned space flight performed by a Soviet-Syrian crew.

This joint space flight is a brilliant, new confirmation of the Soviet Union's policy of vast international cooperation in mastering outer space with exceptionally peaceful goals.

We wish all Soviet scientists, specialists, and cosmonauts new successes in further exploring outer space in the interest of peace and progress.

BCP CENTRAL COMMITTEE PLENUM ENDS 29 JULY

AU291235 Sofia BTA in English 1110 GMT 29 Jul 87

[Text] Sofia, July 29 (BTA) -- The plenum of the Central Committee of the Bulgarian Communist Party ended today. It discussed the "Central Principles of the Concept on the Further Construction of Socialism in Bulgaria." The plenum took the following decisions: 1. After detailed discussion the Central Committee of the Bulgarian Communist Party unanimously approves the "General Principles of the Concept on the Further Construction of Socialism in Bulgaria", introduced by Mr Todor Zhivkov, secretary general of the CC of the BCP and president of the State Council, and discussed at the Politburo, and the speech of the general secretary.

The plenum approves the documents as a basis for the work of the party in achieving a historic breakthrough in the building of socialism and in reaching a qualitatively new level in Bulgaria's social system. 2. On the grounds of Article 37 of the Statute of the BCP, the Central Committee has decided to call a National Party Conference in December 1987 which would examine the theses for the future construction of socialism in Bulgaria.

The secretary general of the BCP CC has been requested to prepare a report to the conference.

The Central Committee orders the election of one candidate per party member.

The meetings and conferences at which the delegates are to be elected will be held from September 1 through November 30 1987 and during the election campaign the party should further mobilize the potential of the communists and working people in fulfilling the decisions of the 13th BCP Congress.

FURTHER ON W. AUSTRALIAN PREMIER'S VISIT

Meets With Gerle

LD032015 Prague Domestic Service in Slovak 1300 GMT 3 Aug 87

[Text] Federal Vice Premier Ladislav Gerle received Brian Thomas Burke, prime minister of West Australia, in Hrzan Palace in Prague today. During their conversation they examined possibilities of expanding relations between both countries. The prime minister of West Australia said that the view on contacts with the countries of the socialist community has altered radically during the past few years. Mistrust is being replaced by an ever more frequent serious and long-term cooperation.

The entourage of the prime minister of West Australia also included important industrialists who have come to Europe with the aim of promoting cooperation in the extraction and utilization of high quality iron ore. Several Czechoslovak experts will visit Australia shortly to examine possibilities for cooperation in this area and specify in greater detail ways of joint business ventures.

Meets With Jakes

LD032017 Prague Domestic Service in Czech 1500 GMT 3 Aug 87

[Text] Milos Jakes, Presidium member and secretary of the CPCZ Central Committee, received today Brian Thomas Burke, prime minister of West Australia, who is paying an official visit to our country. During their conversation they assessed questions of mutual political, economic and scientific-technological and cultural relations. They expressed bilateral interest to develop them on an all-round basis. They dedicated attention to possiblities of further development of mutually advantageous long-term economic cooperation.

CHNOUPEK MEETS AUSTRIA'S MOCK IN VIENNA

AU031444 Prague RUDE PRAVO in Czech 1 Aug 87 p 7

[CTK report: "Much Remains To Be Done for a Stable and Peaceful World"]

[Excerpt] (CTK) -- [passage omitted] On Friday CSSR Foreign Minister B. Chnoupek met his Austrian colleague A. Mock in Vienna. They exchanged views on the main issues of the international situation, including the course of the CSCE follow-up meeting, as well as on the further development of relations between Czechoslovakia and Austria in the interests of good neighborliness. It was agreed that the ministers of foreign affairs of the two countries will regularly meet every year. [passage omitted]

SOVIET SOLDIER 'HUNTED' BY 10 TANKS, 100 TROOPS

DW021231 Hamburg BILD in German 1 Aug 87 pp 1, 8

[Unattributed article: "Defector in 'GDR' Hunted by 10 Tanks and 100 Men"]

[Text] The Hof-Berlin transit autobahn near Leipzig was blocked Wednesday night [29 July] because a Soviet soldier had defected. He was hunted by at least 100 Soviet soldiers and 10 tanks, as BILD learned from intelligence sources. Official reports in "GDR" newspapers said that a lawbreaker was chased.

In the light of searchlights shots were fired. The Soviet soldier, about 20 years old, was encircled and caught after 6 hours. He threw his Kalashnikov away when he saw he did not have a chance to get away. "He is now in for a death sentence by a court martial, and will be executed by a firing squad," according to an intra-German expert.

The Soviet troops in the "GDR" have set up so-called hunting commands, because at least a dozen Soviet soldiers defected this year. They were shot by the hunting commands like rabbits or committed suicide. The (about 500,000) young Soviet soldiers in the "GDR" live in terrible conditions: drill to total exhaustion, eat bad food (mostly soups and bread, little meat), are given one pack of Makhorka (cheap tobacco) every day, and are paid M20 every month.

KRENZ, ROMANIA'S COMAN DISCUSS USSR INITIATIVES

LD031942 East Berlin ADN International Service in German 1334 GMT 3 Aug 87

[Text] Berlin, 3 Aug (ADN) -- The Soviet Union's latest inititative for a global double-zero option in the area of medium-range and operational and tactical missiles was a constructive offer for the continuation of the Geneva negotiations between the USSR and the United States. Egon Krenz, member of the Politburo and secretary of the SED Central Committee, and Ion Coman, member of the PEC and secretary of the RCP Central Committee, agreed on this today during talks in Berlin. Both parties stressed that the proposals by Mikhail Gorbachev are a great encouragement for people in their common struggle for detente and peace.

Both politicians reasserted the active efforts by the GDR and Romania to convert the proposals put forward at the summit of the Warsaw Pact states in Berlin on conventional and nuclear disarmament into concrete steps toward disarmament and to support confidence building measures.

Ion Coman is heading a delegation from the RCP which arrived in the GDR today for an exchange of experiences lasting several days.

BRIEFS

TOURISM AGREEMENT WITH ROMANIA -- An agreement on the exchange of tourists in 1988 was signed between the GDR travel agency and the Romanian Carpati travel agency in Berlin on 30 July. It provides for more journeys for tourists traveling in cars and new possibilities to tour the Romanian Black Sea coast and the Carpathian Mountains. Romanian tourists will have the possibility to make round trips in the GDR with stays in Berlin, Leipzig, and Dresden. [Summary] [East Berlin NEUES DEUTSCHLAND in German 1-2 Aug 87 p 2 AU]

1988 CENTRAL ANNUAL PLAN PRINCIPLES PUBLISHED

AU300601 Warsaw RZECZPOSPOLITA (Supplement) Polish 24 Jul 87 pp I-VI

[Principles of the 1988 Central Annual Plan adopted by the Council of Ministers on 17 July]

[Text] I. Primary Goals and Problems of the Plan

The principles of the 1988 Central Annual Plan have been adapted to the task of attaining the economic and social goals set by the Sejm in the 1986-90 National Socioeconomic Plan.

Essential progress in attaining these goals requires that the following targets be reached:

-- A rise in the national income on a scale approximately equal to the highest average growth rate laid down in the National Socioeconomic Plan;

-- Further favorable changes to the structure of production, especially a drop in its materials and energy-intensiveness and a greater proportion of exports out of total production;

-- Guarantees of the kind of division of national income that increases and perpetuates economic development and an increase in consumption by the population in the future.

The economic growth and changes to the structure of producton will largely depend on thrift and inventiveness inside enterprises. Productivity in particular must increase, because employment in the entire production sphere can only be in increased by 0.3 percent.

The following should encourage such an increase in productivity: improvements to organization, wages within which high earnings are more closely dependent on good work results, and techological progress and economizing in the consumption of fuels and energy, with the resultant savings then being used to increase production. Increasing productivity will be facilitated by the relatively large growth of production assets, coupled with the accelerated shutdown of production of outdated technical equipment. The net increase in production assets, as the result of the increase in investments in recent years, especially the exchange of production machinery and equipment for more modern equipment, will amount to about 2.8 percent (in terms of fixed prices).

The foreseen increase in domestic production and imports permit one to state that next year it will be possible to guarantee greater deliveries of basic fuels and materials by an average of 1.6 percent. In this situation, the following will determine the extent to which production increases:

-- The size and structure of material and energy savings achieved by enterprises,

-- The size and efficiency of exports, especially exports to hard currency markets, which permit a rise in imports, especially materials and modern technology.

One cannot expect greater production of domestic fuels and raw materials because the extracting industries are at the limit of their capacity and outlay to develop them is severely limited.

The basic problem of the plan under these conditions is to provide a strong incentive for enterprises to be more thrifty and inventive. Only this can guarantee progress in reducing the material and energy-intensiveness of production and implementing favorable structural changes, the effect of which will be, among other things, greater possibilities of increasing efficient exports and imports.

For this purpose, it is essential to rapidly implement the program for the second stage of the economic reform. It is essential, not only in order to accelerate improvements in economic management. For without complete fulfillment of the tasks contained in the second stage of the economic reform, it is difficult to expect the trends toward improved management efficiency so far to continue over a longer period of time.

Next year it will be necessary to introduce or prepare to introduce the changes contained in the program of the second stage of the economic reform that are designed to restore economic equilibrium and ensure a free flow of financial and material resources between economic units. This will create the right conditions for effective action by the economic mechanisms responsible for the development of enterprises, and for greater production and economic initiatives on the part of work forces.

Next year's activity aimed at restoring general and local equilibrium on the consumer goods, supply goods, and investments markets should include the following:

-- Ensuring actual growth in the supply of market goods and services by at least 2.5 percent, plus growth in the supply of investment resources of at least 3.7 percent;

-- Fully balancing out expenditures and incomes in the state budget by restricting subsidies and reducing budget spending, especially on enterprises and investments in the production sphere, coupled with sharper financial conditions governing investments financed out of the budget in general;

-- Supervising full adherence to the principle whereby the size of financial increments payable to the economy does not exceed the amount called for by an increase in the size of production and trade, the transfer of funds, and price increases;

-- Consistently observing the principle of enterprises' self-financing, which will mean eliminating inefficient economic units by radically accelerating the procedures called for in the law on improving the economic situation of state enterprises and on bankruptcy;

-- Implementing the essential restructuring of prices, coupled with guarantees that incomes will rise to a suitable extent, so that it may be possible to establish equilibrium prices as widely as possible and reduce the level of subsidies;

-- Expanding methods of saving, especially by permitting the purchase of bonds by individuals;

-- Altering the rules governing credits for housing construction, especially private housing, by granting credits to particular members of a cooperative and at the same time making the size of the loan and the interest on it dependent on the standard of the accommodation being built.

The activity designed to increase the enterprises' independence and self-financing next year should include:

-- Introducing rules to permit state enterprises to join trade companies to which all economic units may belong and associate themselves without prior approval from their founding bodies, to permit remaining state units to join associations and unions to which state enterprises already belong, and to permit the generous issue of franchises in trade, services, catering, the hotel trade, construction, and coproduction;

-- Simplifying the procedures applicable when undertaking economic activity in all sectors;

-- Introducing, for the benefit of small state enterprises, a system of taxation records as a basis for financial records and settling accounts;

-- Reviewing the compulsory rules by which state enterprises must keep records and prepare documentation, so as to reduce the labor intensiveness of this process;

-- Introducing new wage rules for managers of state economic units, making their wages directly dependent on the economic results and development of the units they manage;

-- Introducing a system of voluntary insurance for enterprises against civil liability during economic undertakings that involve a high degree of risk;

-- Modifying the labor code in a way that makes it easier for enterprises to rationalize employment, increase productivity, and boost professional commitment;

-- Creating new commercial banks and establishing interest rates for bank loans for enterprises and people at a level which does not alter the value of real outlay and debts. Not only will establishing a favorable rate of interest (in relation to the rate of inflation) be important for the functioning of the banking system and this system's relations with enterprises, the budget, and the population, it will also be an important factor in restoring economic equilibrium.

The continuation of tried and tested institutional solutions in 1988 and the fulfillment of the objectives called for in the second stage of the economic reform permit one to assume that the national income will rise by about 3.4 percent next year. Consultations on the Central Annual Plan principles should, among other things, provide an answer to the question of when and to what degree it will be possible to comprehensively implement the 1988 program for the second stage of the economic reform. Depending on the answer, during work on the final version of the Central Annual Plan it will be possible to take into account the positive results achieved by the accelerated institutional changes and undertakings designed to restore economic equilibrium and adjust economic parameters in line with the 1988 economic growth.

Regarding the 3.4 percent-growth rate of the national income as the point of departure for the 1988 plan principles, these principles recognize the need to distribute this income in a way that favors production. This complies with the National Socioeconomic Plan. It is therefore assumed that accumulation should increase by 3.7 percent next year, in other words, faster than consumption (which will rise by 2.1 percent), while at the same time the trade surplus will increase by somewhat more than 10 percent.

Achieving these growth indicators will ensure a considerable advance in implementing the National Socioeconomic Plan tasks covering the entire 1986-8 period. A comparison of the plan's tasks during this period connected with increasing national income, consumption, and accumulation (taking into account the actual time elapsed) on the one hand, and the results that have already been achieved and are intended to be achieved by the end of 1988 on the other hand, permit the following table:

1988 Percentage Growth Rates (1985 equals 100)

	National Socioeconomic Plan (adjusted according to actual time elapsed)	Central Annual Plan Principles
Produced national income	109.9-110.8	111.4
Consumption	106.6-107.8	109.6
Accumulation	111.7-112	110.9

We see from this that the tasks of the National Socioeconomic Plan are being overfulfilled as far as the creation of national income and consumption are concerned. However, there are certain departures from the plan as far as the proportions of the national income's distribution are concerned. The rise in the national income which is in excess of the level called for in the plan has so far served to increase accumulation and not consumption. The need to guarantee a more rapid revival of the production process and halt Polish products' growing lack of competitiveness on foreign markets makes it imperative to adhere to the proportions envisaged for 1988, which give clear priority to an increase in accumulation.

II. Creating National Income

1. The Activation and Better Use of Labor Reserves [subhead]

An Increase in Labor Reserves [subhead]

Changes in Poland's population structure mean that there are more people of non-working age than of working age. In 1988, for every 1,000 people of working age there will be 733 people of non-working age, 18 more than in 1985.

An increase in the number of people of working age (by 55,000) and an increase in people's professional energy will permit a considerable increase in employment in education and the health service, areas where this is essential. Almost the entire production increase foreseen for 1988 (99.7 percent of it to be exact) must be achieved by improving productivity, just as in previous year. One should expect that, just as in previous years, there will be certain fluctuations in the structure of employment, which means that in many enterprises there will be not so much a stabilization of employment as a drop.

The persistence of these phenomena, caused by changes in the population structure, mean that it is necessary to revise attitude toward the so-called employment barrier. What in the opinion of many enterprises is a shortage of employment should be regarded as a stimulus to reduce the labor intensiveness of production, mainly by investing in modern and more efficient technical equipment for work posts.

In order to improve broadly-conceived work organization and shape a proper employment structure in factories, it is particularly essential to:

-- Develop collective forms of work organization by creating the proper conditions for them to function;

-- Continue the review and certification of jobs in accordance with Resolution 29/86 of the Council of Ministers and ministerial programs;

-- Expand the system of work norms and establish such norms at a technically and organizationally feasible level.

The proper conditions for a full and rational use of employees' qualifications will be created by:

-- Reducing the considerable time delay in graduates' taking up employment, to be prevented by the new study curricula;

-- Adapting vocational training to regional needs, on the basis of forecasts of the demand for graduates, such forecasts to be prepared by voivodship planning commissions;

-- Expanding and improving the system of young people's vocational training, especially training in vocational training centers and voluntary labor brigades with a view to eventual employment in building and refurbishing enterprises, and the steel industry;

-- The factories' provision of proper facilities to encourage the professional and social adaptation of graduates commencing employment there, making sure that they receive work identical or similar to their trained profession.

Vocational Activation [subhead]

At the same time as making more effective use of existing work resources, it is essential to activate the population vocationally. This should be encouraged by:

-- Introducing economic incentives for people temporarily or permanently out of work to undertake vocational activity; meeting the demand for workers on local labor markets; publishing lists of jobs at which pensioners may work without any wage restrictions; and permitting part-time work; especially in the trade and services sphere;

-- Maintaining concessions for those workplaces that employ pensioners (reduced social security contributions);

-- Employing State Vocational Activation Fund resources in order to employ invalids and infirm persons, and prepare work places in publishing;

-- Establishing contracts for extra work in refurbishing work, the reconditioning of spare parts, and so on.

2. Locating and Efficiently Using Fuels and Materials [subhead]

The Supply of Fuels and Materials [subhead]

The growth of production processes and the structure of production in 1988 will largely be determined by the following:

-- Progress in the rational consumption of fuels and materials;

-- Ensuring a greater supply of these out of domestic production and imports.

It is envisaged that the demand for brown coal, synthetic fertilizers, caustic soda, hardboard, leather, and cement will be better met. Although supply difficulties are subsiding, they will still exist as far as pit coal, coke, liquid fuels, electricity, some metal goods, nonferrous metals (tin and aluminum), plastics, paints, and raw materials for the rubber industry are concerned.

The rate at which the supply of basic fuels and materials grows will be more or less the same as during the period 1984-6 and in accordance with the average growth rate forecast in the 1986-90 National Socioeconomic Plan.

The Rationalization of Consumption [subhead]

The implementation of the second stage of the economic reform should provide considerably greater stimuli to make efficient use of the factors of production. Therefore, enterprises will be able to improve their supply mainly by means of a more rational consumption of raw materials and energy. The chief ways of doing this are as follows:

-- Technological and organizational progress;

-- Changes in the structure of production, so that the production of less energy- and material-intensive products is undertaken;

-- Improvements in the quality, durability, and utility of products, in other words, a better use of materials and energy;

-- Better management over material reserves.

Reducing Restrictions in Turnover of Materials [subhead]

Reducing restrictions in the turnover of materials will be an important stimulus for more flexible and efficient management and will encourage the "marketing" of this turnover.

In view of the increasingly larger amount of materials, this should create a situation in which the possibility of obtaining materials will depend exclusively on an enterprise's ability to pay. Progress in this regard will be accelerated by means of the following activities;

-- A further reduction in the compulsory mediation involving materials. In 1984, 116 groups of materials were subject to this. In 1985 this number was reduced to 38 groups. Exclusion from compulsory mediation occurs on the basis of comprehensive market analyses. The point is that exclusion should not be a mere formality and that it should not cause sharp disruptions in supply;

-- Curtailing the list of imports from the second area of payments that have to be centrally financed;

-- Changing operational programs into government contracts;

-- Restricting the number of annual government contracts for materials and products, as well as the number of government contracts for investments;

-- Altering the organization governing the turnover of materials. In 1988 unnecessary organizational components in this process will be eliminated, the costs of turnover reduced, and a better functioning of the supply market permitted;

-- Depriving associations of the right to conduct complusory mediation involving materials. Some associations have had the right to do so until now. This has encouraged monopolist practices in the economy.

Increasing the efficient comsumption of energy and materials is a basic condition in order to achieve the increased production and national income envisaged for 1988. It is particularly necessary to reduce the following in 1988:

-- The energy intensiveness of industrial output by 1.8-2.2 percent and that the national income by 1.2-1.7 percent;

-- The material intensiveness of industrial output by 1.6-2 percent, that of construction by 2-2.5 percent, and that of national income by 1.2-1.7 percent.

Global indicators for improved efficiency merely indicate the desired average scale of austerity measures. In fact, these figures are varied because of the different rate at which the supply of individual materials will grow, and because the possibilities of substituting one material for another are not always equal.

The material situation of an enterprise that consumes considerable quantities of deficit materials will be reflected in a lower availability of supplies than in the case of an enterprise using materials of which there are greater supplies.

On a national economy scale, at least 60 percent of the growth in industrial output and national income should be achieved by economizing on materials and energy and altering the structure of production toward a greater degree of processing. [paragraph continues]

These plans conform to the 10th PZPR Congress and the "Program of Action to Increase The Efficient Use of Material, Fuel, and Energy Resources."

This program calls for 239 undertakings in 52 spheres, aimed at:

-- Producing equipment that permits a rationalization of technological processes;

-- Changing energy- and material-intensive technical installations;

-- Starting the production of better-quality materials;

-- Making the consumption and transmission of electricity and heat more efficient, reducing waste of raw materials, and making better use of waste products and by-products.

Some 45 schemes will be completed in 1986-7, including the following:

-- Modernization of the waste disposal plant in Ostroleka;

-- Expansion and modernization of tire reconditioning plants;

-- Expansion and modernization of construction ceramics and cellular concrete plants in Bielowice, Radziejowice, Kawodrze, Stopka, Jankowa Zaganska, Niegocin, Oslawa Dabrowa, and Lubartow;

-- Expansion of thermal power stations in Warsaw, Torun, Katowice, Zabrze, and Opole;

-- Extension of 400-kilovolt electricity transmission lines and power stations.

The most important undertakings in 1988 include:

-- Increasing the production capacity of construction ceramics enterprises in Zerniki and Ksiaz Wielkopolski and of the cellular concrete plant in Poznan;

-- Setting in motion the mass production of the "Q" series of material and energy-saving electric motors;

-- Developing the production of energy-saving light sources, including a new type of bulb with a smaller diameter and higher intensity, and increasing the production of high-power sodium lights;

-- Modernizing the industrial boiler factory in Sosnowiec;

-- Electrifying another 503 km of railroad track;

-- Expanding cold-storage plants in Szczecin and Tychy and the oilseed plant elevator in Kruszwica, and building grain elevators in Proboszewice and Rzeszow-Zaleze.

Factory Programs [subhead]

The implementation of the above centrally planned schemes is but a part of the activity necessary to make more efficient use of materials and energy. Most of the activity in this sphere should be expressed in factory programs to increase the efficient use of materials and energy. These programs should be an integral part of factory development programs and should contain more comprehensive methods of saving based on the structure of production and on technological and organizational progress. This should permit a reduction in the unit consumption of materials and energy during production, an increase in the use of by-products and waste products, and the improved quality and greater durability of products, especially production resources.

Instruments of Action [subhead]

Economic and administrative instruments will continue to encourage economizing activity in enterprises. Such instruments include:

-- Income tax concessions if an enterprise undertakes investments resulting in reduced consumption of materials and energy, plus access to greater credits to pay for investments designed to economize on materials and improve the quality of products;

-- Incentives to collect by-products (for example in the form of income tax concessions for enterprises specializing in this);

-- Legal standards governing the conduct of partners in the process of concluding and performing contracts;

-- Material incentives inside enterprises to economize on materials on the basis of Resolution 9/86 of the Council of Ministers;

-- Backing the economizing measures of enterprises by means of a system of central funds, such as the following:

a) A central fuel, energy, and materials savings fund, out of which enterprises will be entitled to interest-free loans to pay for investments resulting in economizing on fuel, energy, and materials. So far, the fund has received Z2.2 billion to pay for 50 schemes;

b) A by-product fund, out of which enterprises will be able to finance the management and processing of by-products and expand the network of procurement points;

c) A tire recycling fund. This fund has permitted a breakthrough in this field and increased the reconditioning of tires by 50 percent in recent years.

-- Expanding the application of state consumption norms and bans on the production and application of materials and technologies that are excessively energy- and material-intensive;

-- Restricting access to industrial credits in order to reduce excessive reserves that are not justified by the size of production;

-- Improving the system of norms governing consumption, the build-up of reserves, and natural losses, as a way of encouraging a more rational use of the resources at one's disposal.

3. Fixed Assets [subhead]

Growth and Better Use of Fixed Assets [subhead]

The completion of a series of investments foreseen for 1988 will increase the value of production assets by Z1,370 billion. At the same time, it is foreseen that about Z470 billion worth of used assets will be withdrawn from service. Therefore, at the end of 1988 the national economy will possess about Z32,900 billion worth of fixed assets (in 1984 prices) in the production sphere, of which 19.5 percent will be assets manufactured between 1983 and 1988.

The most active fixed assets used in production, in other words, machinery, equipment, and vehicles, will reach a value of Z12,200 billion at the end of 1988, of which 26 percent will be the result of investment activity between 1983 and 1988. A considerable proportion of the machinery and equipment due to be introduced is imported. Such imports constitute 24 percent of total deliveries of machinery and equipment in the period 1983-8, and over 26 percent of such deliveries in the period 1986-8.

The investments handed over for use in 1988 will help eliminate a series of keenly-felt loopholes and bottlenecks in production capacity. This will permit a better use of the existing capacity. For this purpose it is essential to guarantee a more rational use of fixed assets, especially a suitable service and repair base.

Enterprises should make greater use of the possibility of forming unions in order to put the fixed assets at their disposal to better use and carry out joint investments.

Revaluation of Assets [subhead]

The possibility of regenerating fixed assets will be increased thanks to the planned revaluation of fixed assets as of 1 January 1988 and the consequent readjustment of depreciation costs. The general size of depreciation costs payable by enterprises may seriously increase because of the high depreciation of fixed assets so far.

As of 1988, the depreciation costs in force until now will be reassessed with a view to:

-- Shortening the depreciation period of machines and equipment in industrial branches in which there is a high degree of technical progress or a maximum-capacity use of machinery;

-- Lengthening (by an average of 1.6 percent) the depreciation period for those fixed assets, especially buildings, whose period of use is actually longer than that foreseen in the costs.

This revaluation, plus the existing system of concessions and exemptions from paying parts of depreciation costs into the state budget, will guarantee a proper financial basis for reconditioning the assets of enterprises in 1988.

4. Industry [subhead]

Development Goals and Factors [subhead]

In accordance with the paths of industrial policy contained in the National Socioeconomic Plan, the results of technological progress should be supported and implemented. The result of this should be the higher quality and modernity of products, a reduction in unit costs of production, and a faster growth of exports.

The main factors determining the course of production next year are:

-- A planned introduction of new products and technologies;

-- The creation of new production facilities and a better use of existing ones;

-- The level and structure of the supply of materials, fuels, and energy.

The Growth and Structure of Production [subhead]

It is estimated that there should be a real growth in sold production of 3 to 3.2 percent in 1988, and a growth in total production of over 4 percent.

The growth rate of production in individual industries may look like this:

	Percentage increase in sold production
Electrical engineering industry	4.6
Chemical industry	4.7
Timber-paper industry	2.6
Mineral industry	3.1
Food industry	3.1
Light industry	2.8
Metal industry	1.4
Fuel-energy industry	1.3

One result of the difference between the growth rates will be a greater presence of electrical and chemical goods in 1988 -- 35 percent of total production.

The Electrical Engineering Industry [subhead]

The planned increase in the output of the electrical engineering industry, 75 percent of which should be the result of the reduced material- and energy-intensiveness of production, will guarantee that in 1988 the growth factor of this industry in relation to that of general industry will be 166.7, compared with the 147 foreseen in the National Socioeconomic Plan.

As the producer of export and market goods and of modern instruments and equipment for other industries and industrial branches, the electrical engineering industry should play a leading role in restructuring the economy. The growth rate of this industry's output will largely be determined by the foreseen 7.1-percent growth in the output of the precision instruments industry, 6.4-percent growth in the output of the electronics industry, and 4.5-percent growth in the output of the machine industry -- modern production spheres that stimulate the entire economy. In the period 1986-88 the average increase in the output of these branches will be higher than that foreseen in the National Socioeconomic Plan, which allows one to believe that it is possible to implement the structural changes to the electrical engineering industry that are called for in the 5-year plan. The major rise in output in 1988 should occur mainly in the following branches: electronics, telecommunications, automatic equipment and information systems, electronic measuring apparatus for electricity consumption, mining equipment, construction equipment, cranes and trucks, and equipment for light industry.

The changes to the structure of production will start with the introduction and propagation of the results of research. In the electrical engineering industry there is a clear concentration of centrally controlled scientific and technological development tasks, especially as far as the most dynamically developing paths of this industry are concerned. These are: the electronics into the national economy, mechanization, introduction of robots and automation, the creation of new materials and technologies, and the development of modern means of transportation.

It is foreseen that the following structural changes will occur in 1988, based on undertakings already commenced by enterprises:

--The development and modernization of the production capacity of plants manufacturing lathes, robots and manipulators, cutting and measuring equipment, energy-saving electric motors, and modernized industrial pumps and boilers;

--The initiation and expansion of production of equipment to measure and control consumption of energy, of microprocessors, electronic circuits for electric motors, energy-saving refrigeration equipment, turbines to salvage heat from ventilation systems, energy-saving light sources, energy-saving vehicle engines, lead-saving car batteries, and automatic moulding and smelting processes in cast iron foundries;

-- The initiation of production of new products such as minicomputer hardware, communications equipment, electric tools, a new generation of hydraulic apparatus, milk centrifuges with a capacity of 20 cubic meters per hour and equipped with self-cleaning drums, railroad bearings for speeds of up to 200 km per hour, a new generation of machines for metalworking, components for automatic and robot assembly systems, components for the application of robots in welding processes, pumps to dispose of caustic liquids and abrasives, vacuum pumps, and mining equipment for thin coal seams.

The Chemical Industry [subhead]

In the chemical industry the greatest growth (10.4 percent) is envisaged in the production of pharmaceutical goods. This will be the result of modernizing the facilities and implementating the further steps laid down in Resolution 36/85 by the Council of Ministers concerning the supply of medical products. In accordance with the programs stemming from the National Socioeconomic Plan, it is necessary to ensure production of such new commodities as:

-- Lipstick, produced by facilities possessing a capacity of 5,000 tonnes per year;
-- Pentaerythritol, produced by facilities with a capacity of 4,000 tonnes per year;
-- Formic acid, produced by facilities with a capacity of 2,000 tonnes per year;
-- Tires for a modern Fiat model;
-- Cyclohexylamine, produced by facilities with a capacity of 2,000 tonnes per year;
-- Clopramid (a drug against high blood pressure);
-- Naproxen (a drug against rheumatism);
-- Ketamine (a short-effect anesthetic);
-- ITCL (an antibacterial drug).

Using Polish technological ideas, the polycrystalline silicon facility at the Tarnow chemical plant should be expanded. This will permit present output to be tripled over the next 2 years, using crystallization ovens manufactured in Poland instead of imported from the second area of payments. In this same plant it is necessary to start building a facility for production of polytrioxane, a modern construction material. This facility will be one of the more important undertakings brought about by the government agreement on new forms of cooperation with the USSR.

Materials Industries [subhead]

A policy will be applied to the materials industries permitting the continuation of the process of improving the quality of the national materials base. This will be a future basis for expanding the application of modern technological solutions to the processing industries, which are based on modern materials. In particular, it is necessary to produce materials with favorable new qualities and involving lower material and energy expenditures in their manufacture and use.

Metal Industry [subhead]

In the iron industry, there should be a bigger output and broader range of products with improved physical-chemical properties. Among other things, production of quality rolled-steel goods (categories 4-9) should increase by at least 2.7 percent.

Particular attention will be paid to developing and commencing production of the following modern metal products:

-- New wear-resistant steel goods;
-- A new range of sheet-metal sections;
-- Pipes for the production of cylinders for mine pitheads;
-- Metal binders containing no tin;
-- Bimetallic and trimetallic joints;
-- Metal sheets for transformers with a high level of conductivity;
-- Special aluminum oxides and peroxides;
-- High quality casts from malleable cast-iron.

As a result of the increased production of higher-quality coke at the "Friendship" coking plant at Katowice Steelworks, unit consumption of coke for the production of pig iron should fall to at least 570 kg per ton.

Fuel and Energy Industry [subhead]

In this industry it is planned to use more brown coal in the production of energy as a result of the 6.9 percent increase in coal extraction, compared with the 1.9 percent increase in the production of fuels and energy.

Continuation of the following activity will be important:

-- Improving the quality of pit coal by making better use of existing processing facilities;

-- Curbing the falling extraction of lump coal;

-- Improving the generation and transmission of electricity and increasing the capacity of industrial power stations;

-- Creating the technical and economic-financial conditions for gaining and using by-products during the process of extracting brown coal;

-- Intensifying the process of landscaping near open-cast mines;

-- Halting the rising costs of extracting pit coal by making better use of the fixed assets, saving materials, increasing productivity, and increasing the system of incentives which benefits those workers directly involved in production;

-- Guaranteeing smoother production of coke and caustic gases.

Mineral Industry [subhead]

In the mineral industry there should be a further increase in the production of ceramic tiles for walls providing better heat insulation, lightweight blocks of cellular concrete, and materials and products made from mineral wool. It is also necessary concentrate on improving production capacity, equipment, and techniques to reduce the energy intensiveness of production, especially that of ceramics for construction purposes and binding materials.

There should be an increase in the production of delicate wall materials and construction aggregates using local raw materials.

Timber and Paper Industry [subhead]

In the timber and paper industry it is planned to considerably increase the production of chipboard (6.5 percent). The foreseen restructuring of production will permit increased exports by this industry, especially of furniture.

The paper industry has been granted favorable credit facilities that, by modernizing and installing new production lines, will permit greater production of toilet paper and cellulose wool.

Light Industry [subhead]

In light industry the regularity of supplies should improve, which should serve to considerably reduce disruptions. The result of the investments commenced in previous years and due for completion in 1988 will be to remove many bottlenecks in production. Light industry should make a special effort to increase exports, which will permit greater supplies of imported raw materials. It is also essential to improve designs, especially of products for the home market.

New Production Facilities [subhead]

It is estimated that newly installed production assets permit a potential increase in industrial capacity of about Z240 billion in 1988. Considering the consequences of disposing of old assets, this means that a 40-percent rise in industrial capacity may be the result of putting new production facilities on line and the remaining 60 percent may be the result of making better use of existing facilities.

In accordance with the structural changes, the greatest increase in capacity will occur in the electrical engineering industry. The increase will amount to Z120 billion; in the electronics branch, the increase will be Z19 billion; in the precision instruments branch Z5 billion; and in the machine branch Z48 billion. In the chemical industry capacity will increase by Z65 billion. Apart from increasing the quantity of production, these increases will also permit better quality and a reduction in the material and energy intensiveness of industry.

5. Small-Scale Production [subhead]

The development of small-scale industry will be encouraged by the provisions of the 19 May 1986 Council of Ministers resolution on the development of state small-scale production units, as well as Resolution 33 of the Council of Ministers dated 23 March 1987 concerning the development and better use of handicrafts.

It is estimated that the value of products and services by state small-scale production units will be able to rise 4 to 6 percent and sales by handicrafts studios at least 7 percent. Higher growth will depend on better management and greater initiative and enterprise in solving problems with the supply of materials, especially local materials.

The manufacture of building materials and processing of fruit and vegetables should be developed in particular, so as to make better use of local stockpiles of raw materials and fruit and vegetables.

The basic path of action for small-scale production should continue to be the production of goods for the domestic and foreign markets and the provision of services, especially for construction and agriculture.

Apart from carrying out production and providing services, cooperatives of invalids and the blind play an exceedingly important role in rehabilitating invalids and infirm persons and the system of concessions and priorities for these cooperatives will be upheld. In particular, these cooperatives will continue to have the exclusive right to manufacture particular products and provide some services, as well as the right to allocate the financial savings resulting from the above concessions to the invalids' rehabilitation fund. Invalids cooperative will continue to enjoy guaranteed supplies of materials.

Economic units producing folk art will also be given priority in supplies, in appreciation of the role of folk art cooperatives in reviving and preserving the traditional values of culture and creating new ones, and propagating them at home and abroad.

The relatively high level of initiative by small-scale production units and their flexibility is an important development factor not only for them but for the entire economy as well. It will be possible to establish state and private enterprises involved in implementing the fruits of scientific research. These units will be provided with stable and favorable economic conditions as laid down in the law on small economic units involved in invention.

One of the basic ways of establishing new organizational structures in 1988 will be the initiative of people's councils, backed by favorable conditions for newly-emerging economic units, especially those providing services to local people.

As a result of all this activity, small-scale production will have a real chance of attaining the growth in production and services envisaged for 1988.

6. Construction [subhead]

The demand for construction and refurbishing work in 1988 will result from the level and path of capital investments and from the envisaged extent of renovation work. These will cause a 3.5-percent increase in building and refurbishing work in the national economy, including a 2.3-percent increase in work on capital investments and a 5.5-percent in work of a noninvestment nature, mainly refurbishing. This growth will only be possible if costs in the entire capital investments process are reduced, including a 2- to 2.5-percent drop in the material intensiveness of construction and a 2.9-percent rise in productivity.

The following structural changes will have an important effect on improving the work of construction:

-- A broader implementation of technological progress, including the propagation of energy- and material-saving techniques, with particular attention to those that reduce heat loss. This is permitted by the foreseen considerable rise in the manufacture of mineral wool, lightweight types of cellular concrete, and ceramic products;

-- Developing the capacity of specialized construction enterprises, chiefly those involved in engineering, installation, and telecommunications, as well as those engaged in general refurbishing and completion. These enterprises' involvement in total construction should rise to 32.9 percent in 1988;

-- Increasing the flexibility of existing organizational structures by providing more small and medium-size enterprises to carry out contract work that are better adapted to carrying out modernization schemes;

-- Introducing an incentive system of wages, especially the propagation of brigade-task forms of remuneration that encourage productivity, reduce costs, and improve the quality of work and services.

7. Food Economy [subhead]

General Precepts [subhead]

The agricultural policy so far, which encourages a quantitative increase and qualitative improvement in agricultural output, will be continued. [paragraph continues]

This will make it possible to increase the quantity and improve the quality of food products and increase exports of agricultural produce and the processing thereof.

The following activity will continue to occupy first place among the work of all component bodies of the food economy:

-- Adapting the level of animal production to the country's animal feed resources, supplemented by essential imports of high-protein feed;

-- Progress in adapting the agricultural and food industry's processing and storage capacity to the level of agricultural output achieved;

-- Hastening the modernization and expansion of those industries that manufacture production resources for the agricultural and food industry.

Plant Production [subhead]

The structure of plant production should be better adapted to the processing needs of the domestic market and the needs of production for export purposes. In this regard, it is planned to:

-- Continue the favorable changes in the structure of plant production to benefit grain (especially wheat, barley, and the wheat-rye hybrid) and plants for industrial purposes, including a better variety of rape;

-- Further propagate types of plant that provide a high yield and are resistant to disease and environmental damage;

-- Constantly spread the application of comprehensive cultivation techniques to an area of at least 1.4 million hectares, especially as far as grain, rape, sugar beets, and potatoes are concerned. This is an important factor in intensifying plant production;

-- Expand the domestic production of high-protein animal feed, based mainly on wild plants and high-value rape derivatives.

These undertakings will be encouraged by the planned improvement in the supply of production resources for agriculture. In particular:

-- Deliveries of tested seeds and seed-potatoes will increase;

-- Supplies of mineral fertilizers will increase, permitting a 2.1-percent increase in fertilization, in other words, 190 kg per hectare of farmland;

-- Supplies of lime fertilizers will increase by 4.8 percent;

-- Supplies of plant protection agents will increase by 3.3 percent;

-- Another 140,000-150,000 hectares of farm land will be improved. This includes new drainage canals for 105,000-112,000 hectares. As a result, between 376,000-386,000 hectares will have been improved between 1986 and 1988;

-- It is necessary to ensure a broad practical application of the fruits of research, especially in the biological sphere. This should be encouraged by the provisions of the new law on sowing, which creates favorable conditions for plant breeding and the production and turnover of sowing materials;

-- A rationalization of land use and better conditions for this should be hastened by the new laws on the protection of agricultural land and on the parcelling and exchange of farming plots.

In average conditions, these factors should permit the following crop yields per hectare: 29-30 quintals of grain, 22 quintals of oilseed plants, 345 quintals of sugar beets, and 200 quintals of potatoes. With such yields the volume of plant production could increase by 4.8 percent. Thanks to this, and thanks to the increased size of grain plantations, a grain harvest of about 24 to 24.8 million tons and a procurement of 5.8 to 6.3 million tons will be possible.

Animal Production [subhead]

Considering the greater quantities of animal feed due to be gained by the envisaged increase in plant production and better feeding methods, animal production should increase by over 1 percent. Better use of animal feed will be encouraged by a 6.7-percent increase in deliveries of concentrates and high-protein feed, with a general increase in the supply of rich feed from state resources by up to 5 million tonnes or 2 percent. It will also be necessary to supply sufficient mineral ingredients to make the feed go further.

To counteract the fall in the number of cows, especially on farms that possess larger numbers of cows, it is necessary to increase deliveries of mechanical equipment used to collect and conserve feed and for stable work. It is also necessary to improve insemination and veterinary care and guarantee easier credits. Finally, it is necessary to propagate rational feeding methods and increase calving in spring, which will permit a greater milk yield from cows.

Under these conditions, the cattle population should rise by 200,000 or about 1.9 percent to a total of 11 million, whereby the cow population should remain at the present level. The slaughter of calves will be reduced to accelerate a growth in the cattle population and selected calves will be subject to further breeding.

Milk output may reach between 15.8 billion and 16 million liters, and milk procurement between 10.9 and 11.1 billion liters, which would mean a 1.9 to 3.7-percent growth.

The rising trend in the pig population should be maintained, which will permit an increase in the pig population by 500,000 pigs or 2.6 percent to a total of 19.6 million. Concerning sheep, intensive sheep breeding should be continued to ensure a constant rise in wool output and the high quality of sheep destined for export.

Investments in Agriculture [subhead]

Land improvement, the supply of water to agriculture and rural areas, and the expansion and modernization of the electricity network and storage and drying facilities in rural areas will continue to be the main paths of capital investments in agriculture. These investments will continue to be backed by the state through preferential bank loans, as well as subsidies in some cases. The foreseen improvement of 140,000-150,000 hectares of farmland is a basic condition to achieve the 700,000 hectares of land improvement called for in the 1986-90 National Socioeconomic Plan. The success of this undertaking depends to a large extent on the voivodship people's councils and their executive apparatus. As has been the case so far, carrying out these tasks will be financed out of central reserves (in proportion to the growth of planned tasks in any given year) and supported by priority supplies of materials.

The successful supply of water to rural areas in 1986 and its foreseen continuation in future years create a real chance of expanding the network of rural water pipelines by 3,500-3,600 km, and connecting about 45,000-47,000 households to the water supply. This would mean a 3.6-percent increase in the water network compared with 1987, and a 2.3-6.8-percent increase in the number of households connected to it.

Agricultural and Food Industry [subhead]

The foreseen increase in procurement of agricultural produce and improvement in the foreign trade of agricultural raw materials, plus the processing capacity of the agricultural and food industry, permit this industry to increase its output by about 3.1 percent.

There will be a further increase in outlay on modernizing and expanding this industry's processing and storage capacity, in addition to which the investments process will be subject to tighter control. Recent developments (concessions in payment of depreciation costs to the budget; exemptions from payment of security deposits; centralized development resources; and the availability of credits) should further revive investment activity.

One of the basic goals of investing will be to ease the disproportions between the developing raw materials base on the one hand, and the processing and storage capacity on the other, especially in some branches of the agricultural industry and some regions in the country. This applies especially to the milling, refrigeration, oil, dairy, baking, and potato industries. The following are some of the government contracts due to be completed in 1988: five bakeries with a total production capacity of 122 tonnes of bread per hour; two dairies with a total storage capacity of 276,000 tonnes; a poultry slaughterhouse with a production capacity of 6,600 tonnes per year; and a grain elevator with a storage capacity of 22,300 tonnes.

8. Forestry [subhead]

We must continue efforts to improve the condition of forests by, among other things, intensive cultivation measures that increase the toughness of trees, improving the cleanliness of forests, and afforesting and renewing the forestry areas that have been denuded of trees and destroyed by natural disasters or industrial pollution.

Afforestation and renewal should be carried out over 66,000-68,000 hectares and cultivation measures over 560,000-580,000 hectares.

Taking into account the condition of forests and the need to exploit them rationally, it is expected that we will be able to produce 23.4 million cubic meters of timber, including 22.1 million meters of large trunks. At least 10 million cubic meters of timber should be produced by felling certain trees in order to improve the condition of forests. The shrinking resources of big trees make it necessary for the timber industry to be more rational in exploiting raw timber and for all users to be thrifty in using timber.

People's Councils, local state administrative bodies, and the State Inspectorate for the Protection of the Environment should intensify control checks in their areas on how industrial plants observe the duty of constructing effluent treatment plants and installing and properly operating filters to stop toxic dust and gases.

9. Transportation [subhead]

Taking into account the fact that in 1988 demand for transportation should increase about 2 percent, we will have to be able to transport over 1,145,000 million tonnes of freight.

Transportation Policy [subhead]

We must maintain priority for transportation whose unit costs and fuel and energy consumption are relatively low. That is why, wherever possible, we should maximally use railroad transportation, especially electric railroad transportation. Effectively exploiting rolling stock and infrastructure is of special importance in this connection. In particular, we must eliminate difficulties stemming from bad discipline on the part of those who forward and unload freight. That is why the mechanization of loading operations must be greatly increased.

Modernization work should help to reduce the turnover time of a freight car to 5.14 times in 24 hours, that is, by 1.2 percent. Combined with improving the structure of the pool of cars and raising the cars' average capacity to 45.5 tonnes, this will ensure the necessary freight capacity of rail transportation.

Supplies of Rolling Stock and Repairs [subhead]

Full planned supplies of railroad rolling stock, especially of diesel engines and passenger cars, will be of crucial importance. The expected supplies of new rolling stock will improve the structure of the present pool of rolling stock insofar as modernity is concerned, but will not eliminate all difficulties caused by the modest quantities of this stock available to us.

In this situation we must continue to pay special attention to effective repairs to rolling stock and track and see that the range of these repairs increases. We must repair 76,000 freight cars, 5,000 passenger cars, 2,900 diesel engines, 1,060 electric locomotives, and 625 electric aggregates. At the same time we must continue replacing rails on 2,600km of track and thoroughly overhaul 3,100km of embankments and 4,800m of bridges.

Restructuring [subhead]

The intensive restructuring of rail transportation includes primarily electrification of railroads and modernization of switching stations. We will have spent about Z66 billion on these two projects in 1986-88.

This will increase the extent of electrified tracks from 8,902km in 1985 to 10,467km in 1988 -- from 36.5 to 43.3 percent of our entire railroad network. At the same time, the proportion of freight carried by electric railroads will increase from about 75 percent in 1985 to about 80 percent in 1988 in terms of all freight carried by railroads. This will mean that, aside from increased effectiveness in transportation, we will achieve savings in the consumption of fuels and improve the natural environment.

Modernization of six switching stations in 1986-88 (two in 1988) involving automated equipment capable of putting together trains by remote control and including automated rail braking devices, will enable us to greatly improve marshalling yard operations, reduce time of marshalling trains by about 50 percent at these stations, reduce the damage to cars, and improve work and safety conditions.

Automobile Transportation [subhead]

The automobile transportation capacity of specialized enterprises will be increased.

In 1988 we will stick to the principle whereby it will be primarily the plants that attain the best technical results that will be able to buy new rolling stock, especially that with medium and high tonnage capacity. The proportion of diesel trucks and truck trailers in these purchases should be increased.

We should seek to crucially improve the technical serviceability of rolling stock and to increase its use. This will be necessary because we must have the necessary potential of the technical base as well as larger supplies of spare parts.

Roads [subhead]

We will continue to improve the organization and conditions of road traffic by completing, among other things, the following projects:

-- The sectors of the A-4 Highway between Balice and Tyniecka (the southwestern Krakow bypass, including the Kosciuszko water basin crossing) and between Prady and Przylesie (Opole Voivodship).

-- The sector of the A-2 Highway between Slugocin and Modla (Konin).

In 1988 we will considerably speed up the program to modernize the nine main national routes by widening the lanes, consolidating the verges, building bypasses and viaducts, and so on. This will also be done throughout the Poznan-Warsaw-Terespol highway. The overhauling of Poniatowski Bridge in Warsaw will be completed in 1988, and of the viaduct in 1989.

Air Transportation [subhead]

The supply of modern planes for the Polish Airlines LOT, which began in 1986, will be accelerated. The reconstruction of Okecie Airport and its entire infrastructure will continue. All this will help improve passenger services and flight safety.

10. Communications [subhead]

We must keep up the relatively high rate of enabling more people to become telephone subscribers. The planned increase in the capacity of local telephone exchanges will make it possible to increase the number of new telephone subscribers in 1988 by 150,000, mostly private subscribers.

The telephone index will increase from 11.3 telephones per 100 inhabitants in 1985 to 13.1 in 1988. Although the number of telephone subscribers has increased to a relatively high extent, the number of people waiting for a subscription will continue to swell.

As a result of the implementation of the 1986-90 program to develop communications, the automation of the international and intercity telephone network will be expanded.

The development of postal services is another important goal. We expect that the number of postal and telecommunication facilities will increase 40 percent. This increase will occur mainly in townships, especially in new housing settlements.

11. Maritime Economy [subhead]

Basic Goals [subhead]

The 1988 activities of maritime economy enterprises will be concentrated mainly on:

-- Meeting maritime freight needs of Polish foreign trade and promoting export of services,

-- Meeting needs of Polish shipping firms concerning vessel overhauls and increasing export of profitable overhaul services,

-- Ensuring the highest possible supplies of fish and processed fish to the home market,

-- And improving the general effectiveness of economic management.

Since the foreign trade turnover of mass goods transported by sea has decreased, we should, as in previous years, expand the export of services, especially those provided by the merchant tramp ships. The accomplishment of this difficult task (low payments, the fact that only a small proportion of freight capacity is used, and the scarcity of highly profitable loads) is a condition for achieving satisfactory economic results by the merchant navy.

We estimate that in 1988 freight operations in maritime ports will amount to 48.5 million tonnes and the merchant navy will transport about 31 million tonnes of freight.

Merchant Navy and Maritime Ports [subhead]

Nine new vessels totaling 190,000 tonnes deadweight will begin sailing and 15 vessels totaling 120 tonnes deadweight will be scrapped. As a result, at the end of 1988 our merchant navy will consist of 237 vessels totaling 4.4 million tonnes deadweight.

We will make consistent efforts to renew the tramp fleet. In 1988 the average age of mass freight vessels should be about 12 years. This will be some improvement over 1986.

We will also continue to modernize our liners. Domestic shipyards will build vessels for our fleet of liners. However, the average age of our liners will continue to stay at the same level -- a little over 12 years.

The container base and other loading and storage facilities will continue to be constructed in our maritime ports.

In order to achieve the planned index of loading operations we must at least maintain the relatively high level of transit loads using Polish ports. Aside from the necessary expansion of foreign orders, for this purpose we should also seek to exploit more fully the Gdynia container base and the Swinoujscie base for ore loads, built in 1986.

We must pay special attention to ensuring harmonious cooperation between maritime ports and land transportation, mainly rail transportation, in order to prevent the bunching of goods and vessels' prolonged stays in ports.

Repair shipyards should continue to intensively modernize and reconstruct their production potentials, mostly with fiscal assistance from the USSR. The basic task of the industry responsible for overhauling vessels will be to cut down overhaul schedules and improve the quality of repairs.

Fish Economy [subhead]

Increased efforts to improve the supply of fish to our shops, especially to intensify the processing of fish, should go hand in hand with efforts to maintain a high level of sea fish catches.

In 1988 two new ocean fishing boats, two Baltic cutters, and a refrigerating vessel will join our fishing fleet. We should continue investment projects with the land base of our fishing industry. These projects include construction of a refrigerating plant in Swinoujscie.

12. Foreign Trade [subhead]

Basic Issues and Determining Factors [subhead]

Progress in intensifying trade and economic cooperation with foreign countries is the condition for implementing the strategy of balanced development. The economy's proexport orientation must assert itself despite various internal and external restrictions. This is the only effective method of again making our economy capable of developing and obtaining the necessary resources to modernize it.

Some of the most important factors that help shape the foreign trade situation are as follows:

-- Restricted opportunities to increase exports of raw and other materials, which is a result of the country's growing needs and of the small increase in the supply of these materials; the scale of this problem is illustrated by the progressive drop in our export of bituminous coal to the second payment area; this export will decrease by 10.3 million tonnes in 1988 compared with 1984, which means that our earnings will be lower by some $461 million;

-- The increasingly effective system of incentives to develop export production continues to produce results in the shape of increasing exports; the modifications announced in the theses of the second stage of the economic reform will help boost producers' fiscal advantages from export; it is expected that this will help increase the share of export in industrial production from 14 percent in 1986 to 14.8 percent in 1988, and that the proportion of exports in the production of the electrical and engineering industry alone will increase to over 24 percent;

-- The reversal of the slump trend in imports of materials for industrial manufacturing, mainly industrial processing, and the continuation of the growth trend in investment import; this policy will make it possible to consolidate growth trends in the processing industry, trends that are the foundation of structural changes.

Economic cooperation with socialist countries, especially with CEMA countries, is entering a new, advantageous stage. There are favorable prospects of balancing our current trade with the USSR. The development of direct ties between economic organizations in our countries, and the action to set up joint enterprises, together with tightening political links continue to create a qualitatively new situation.

Relations with developed capitalist countries will continue to be dominated by the size of the necessary servicing of our debts, because our partners show no readiness to seek a full normalization of fiscal and loan relations in order to accelerate increases in exports. As in previous years, this will have an adverse effect on our potential to increase [as published] direct imports of materials for industrial manufacturing and imports of modern technology.

First Payment Area [subhead]

Development of new forms of cooperation and, primarily, direct cooperation between plants, will be the basic factor to determine the dynamics of our trade with the first payment area countries. In line with the decisions resulting from the coordination of multiyear plans, Poland's import of basic raw and other materials in this 5-year period and in 1988 will stay at the level of 1984, except for Soviet supplies of electric energy and natural gas, which have been increased because of our earlier share in promoting production capacities of these commodities.

This means that only by bartering highly sophisticated goods of high technological standard will it be possible to find ways to meet our economy's import needs.

Cooperation with the USSR is of special importance because it ensures for us access to a hungry seller's market and to lines of new technologies and industrial equipment. We recently signed a number of important accords to strengthen this cooperation. These accords concern setting up joint Polish-Soviet enterprises, the basic principles of cooperation in creating new production capacities, the reconstruction and modernization of existing production capacities, and direct production and scientific-technological cooperation. At the same time, we will continue to realize the accords seeking to raise the technical standards and quality of mutually supplied machines and equipment in order to ensure their competitiveness in foreign markets.

The following measures will particularly help to develop trade:

-- Simplified procedures for granting licenses to cooperating enterprises to enable them to engage in foreign trade;

-- Direct exchanges of products and services on the principle of non-trading turnover, without the need to obtain permits to carry out such exchanges, and with maximum simplification of customs procedures.

The institutional framework thus created should be maximally exploited by cooperating enterprises and organizations.

The expected changes in relations between prices for exported and imported goods -- these changes are favorable to Poland -- will be a positive factor. The USSR will continue to be the main supplier of basic raw materials for our economy -- almost 98 percent of all our imports of crude oil, 100 percent of natural gas, about 80 percent of iron ore, and almost 45 percent of aluminum.

We expect that the volume of exports to the first payment area will increase by 11.9 percent and the volume of imports by 3.9-8 percent.

Second Payment Area [subhead]

In trade with the second payment area it will be necessary to:

-- Increase the value of export by almost 5.3-7.1 percent, primarily by increasing the export of products of the electrical and engineering industry (by 10.2-13 percent); the value of export may increase further if we realize proexport programs based on convertible currency loans;

-- Maintain payment fluency to make possible the realization of the import tasks whose structure accords with the Central Annual Plan decisions;

-- Conduct an active trade policy in order to improve the relation between price increases for exported goods and price increases for imported goods ("terms of trade") [bracketed words in English];

-- Create conditions to preserve the structure of imports in line with Central Annual Plan decisions and, primarily, to ensure the fluency of payments for imports in convertible currency;

-- Observe the principle that the dynamics of goods trade carried out in clearing transactions must not outstrip the dynamics of trade settled in convertible currency (ready cash), and that acquired loans can be used only to purchase goods under the planned structure of imports and to buy materials for investments that are deemed proexport investments; this principle must also be expressed in trade protocols.

Our forecast that export will increase considerably stems from the expectation that favorable trends in the development of export of products of the electrical and engineering industry -- these trends began in 1986 -- will gain in strength and that export of other products will increase a little below 3.8-5.3 percent as was the case last year. Favorable changes should occur in the structure of imports as a result of the increased import of manufacturing materials and investment goods. Should our balance of payments show a profit of $1.16-1.28 billion, it will be possible to increase all imports by about 4.6 percent. [paragraph continues]

Increases in imports for the market in excess of the plan are possible only through export increases (not provided for by the plan). For example, this can be effected by transactions involving "extensive exchanges" and purchases financed by domestic resources of convertible currencies under arrangements of internal export, and so on.

Increasing export to the second payment area will continue to be one of the enterprises' main tasks, not only because of the needs of the national economy, but also as a method leading to effectively solving the enterprises' own problems of manufacturing materials and investments.

Institutional Solutions [subhead]

Modifications and improvements to economic instruments that help stimulate the development of exports have begun to produce the expected results. That is why these instruments will be strengthened in 1988. The effectiveness of fiscal preferences for export, especially of concessions in income taxation and in taxation on wages in excess of norms, has been verified in a particular manner.

In order to strengthen the proexport development of production structures it should be necessary to:

-- Introduce additional allowances for export increases;

-- Ponder the possibility of using part of the dividends due to the state on account of its share in companies for the development of foreign trade infrastructure.

Solutions that stabilize and strengthen the system of convertible currency allowances will be maintained. They involve efforts to:

-- Continue to transform the accounts of convertible currency allowances into property accounts by buying out the certificates issued by the banks for 1988;

-- Guarantee the efficiency of account servicing;

-- Expand the home market of convertible currencies for socialized economy units by setting up a money-market for convertible currencies and convertible currency loans.

It is expected that, together with the development of the flow of convertible currencies between enterprises (convertible currency auctions, funds for cooperating enterprises) the importance of the ROD [ruble currency allowances] system in financing imports will increase and will gradually eliminate the funds from central allowances. The system of ruble allowances, which is in its experimental stage, should become a permanent element of the system in foreign trade in 1988. We also expect to reduce the list of import goods that are centrally financed.

Proexport investments are of key importance for promoting exports. The principles governing the financing of such investments -- these principles provide for fiscal reliefs amounting to as much as 50 percent of the estimated value of investments, and for low interest loans -- now also provide for loans in convertible currency. [paragraph continues]

The principles governing these loans make it possible to repay them from the increased profit obtained by exporting a given investment project.

It is expected that the funds of the Export Development Bank will be increased by:

-- Purchasing convertible currencies at auctions;

-- Procuring bank certificates at a discount.

The present policy of foreign exchange rates already makes it possible to use the transaction prices in foreign trade dealings on a large scale. The role of these prices in determining the level of domestic prices will grow rapidly.

We will continue a liberal policy of issuing permits for foreign trade activities, introduce flexible organizational structures for foreign trade units on an increasing scale, eliminate divisions of competences, and use auctions to purchase imports.

In line with the law on companies with foreign capital we will create favorable organizational and economic conditions for promoting such companies.

III. Economic Development

1. Development of Science and Technology [subhead]

Scientific-technological progress, especially that which produces an increased number of practical applications that change products' parameters, is the basic factor that makes it possible to really modify the structure of the economy, to set in motion the necessary processes of economic modernization, to increase the effectiveness of economic performance, and to expand the range of our country's export.

That is why there has been a special upsurge in scientific and technological activities in the past few years, which shows that we appreciate the enormous role science and technology have to play. These activities concern organizational and fiscal issues, as well as the transformation of the entire system of management of science. At the same time, funds for science have been greatly increased.

We expect a further increase in funds for scientific research and technological development: from 2.4 percent of the 1987 national income to 2.6-2.7 percent of the 1988 national income. A large part of these funds will be used for central measures to promote structural changes, to increase the effectiveness of using materials, fuels, and energy, and to implement scientific and technological tasks stemming from accords with CEMA countries.

The Central Fund for the Development of Science and Technology, which consists of budgetary subsidies and contributions from state enterprise, mixed enterprises, and trading companies in which the treasury of socialized economy units have shares in excess of 50 percent, will supply funds to accomplish central tasks of the development of science and technology.

Central tasks will be accomplished in the form of central programs for basic research, research and development programs, government orders, and departmental research and development programs.

The following are the principal areas in which funds will be concentrated:

Funds for central programs for basic research and for central programs for development research (in current prices) and their share in the funds provided by the Central Fund for the Development of Science and Technology

Electronics for the national economy	Z24.3 billion	14.2 percent
Automation and introduction of robots in production processes	Z13.2 billion	7.7 percent
Nuclear energy and technology	Z12.3 billion	7.2 percent
New materials and technologies	Z36.1 billion	21.1 percent
Biotechnologies	Z 3.2 billion	1.1 percent
New technologies for extracting raw materials	Z 9.7 billion	5.6 percent
Transportation resources and systems	Z12.9 billion	7.5 percent
Food economy	Z26 billion	15.3 percent
Protection of health, labor, and environment	Z17.8 billion	10.5 percent

In the above areas of concentration we will continue to realize 59 central programs for basic research, 103 central programs for development research, and about 430 government orders. About 70 percent of the resources of the Central Fund for Research and Development Work will be provided to realize these tasks. As for other areas of research and practical application, we plan to implement 64 basic research programs and 13 research-development programs.

Government orders will be used to ensure the practical application of the results of research and development work. We expect that Z35 billion will be provided for the implementation of research and development work under government orders, and that investment funds to implement these orders will amount to Z105 billion, of which Z65 billion will be provided by enterprises themselves. These Z140 billion that will have to be provided for government orders should be increased by the funds gained by enterprises through taxation reliefs, subsidies, and so on. It is estimated that such funds account for 30 percent of true investment costs, that is, they amount to about Z20 billion. We can therefore assume that Z160 billion, or 1.2 percent of the shared national income, will be spent on government orders in the area of science and technology.

The Central Fund for Research and Development Work will be increased by 20 percent to Z233 billion and the Central Fund for Practical Applications will be increased by 51 percent to Z58 billion. Foreign exchange funds for research work and practical applications will be provided by the central foreign exchange fund.

Enterprises' interest in the practical application of new technologies and in the production of modern articles should be greatly boosted by the especially favorable principles in line with which technological progress results can be shared. These principles guarantee enterprises considerable reductions in taxation on their incomes if they increase these incomes by using new technologies.

The basic incentive is the principle that enterprises can set up practical application funds consisting of part of the income -- before taxation -- accruing from the practical application of new technologies. Payments from such funds are free of the tax that is usually paid for wages in excess of the norms. A law on units responsible for innovations and practical application of technology will also be adopted very soon. The task of these units will be to promote the practical application of technology. This draft law provides, among other things, that in the case of "innovation units" income taxation will be reduced by what they spend on research-development work and on investments connected with innovating activities, and by their repayments on loans used to promote such activities. Expenditure on technological progress will be directly included in the costs covering the activities of enterprises, which will be exempted from the obligation to make contributions to the Fund for Servicing Foreign Debts and to the Central Fund for the Development of Science and Technology, from the obligation to pay deposits on cube-shaped [kubatorowy] investments, from the obligation to pay contributions to the amortization fund of the innovation units that are state enterprises, and from the obligation to pay tax on wages in excess of the norms, provided enterprises produce articles or services that are results of the initial practical application of scientific, technological, or organizational achievements. It is estimated that some hundreds of such units may be set up in the first year of this law's validity.

For those who implement government orders various incentives have been created, of which the most important are:

-- Income tax relief amounting to 30 percent of the estimated value of the investment connected with implementation of government orders;

-- Exemption from income taxation on profits from new production lines; this exemption is valid for 3 years from the day on which the new lines went into production;

-- Exemption from deposits is on cube-shaped [kubatorowy] investments;

-- Guaranteed supplies of manufacturing materials covered by compulsory brokerage;

-- Free subsidies from the Central Fund of Research and Development Work;

-- Priority in obtaining bank loans;

-- Opportunities to obtain foreign exchange.

The large increases in funds will help to accelerate the practical application of many new and economically valuable technological solutions in 1988 and to push along the work that will increase the number of inventions and improvements in coming years. (Examples of the practical application of new technological solutions were discussed in the chapter "Industry").

Efforts to develop science and technology are closely linked to the lines mapped out by the programs for the socialist countries' international cooperation. [paragraph continues]

This applies primarily to the Comprehensive Program for Scientific-Technological Progress in CEMA Countries and the Long-Term Program of Scientific-Technological Cooperation with the USSR Up to the Year 2000. Multilateral and bilateral cooperation among CEMA countries continues to develop in the complete cycle of research - development work - practical application and production - mutual deliveries.

We must increase effective efforts to improve the quality of products. For this reason we will consistently accomplish the tasks of the "Schedule of Work To Futher Improve Quality," which was drawn up by the Polish Committee for Standardization, Measures, and Quality and approved by the Government Presidium in December 1986. This schedule provides, among other things, for improving the mechanisms of economic motivation and for reintroducing and expanding quality checks by producers and by independent bodies. Special attention should be paid to controlling the observance of the required quality standards of the following groups of products:

-- Consumer products of basic importance for families with standard living conditions;

-- Products used for material-technical and cooperative manufacturing supplies;

-- Consumer and industrial products known to consume large amounts of materials and energy, and which are not modern enough;

-- Export or import products.

Gradual improvements in balancing the economy, especially in balancing the flow of goods and cash, will help to raise the quality of products. Curbing the "producer market" and the appearance of elements of competition as a result of a relatively increased flow of certain products have already made it necessary for enterprises to improve the quality of their products.

In line with the National Socioeconomic Plan, the Polish Committee for Standardization, Measures, and Quality we will continue to establish group criteria for appraising the material and energy intensiveness of products in accordance with the requirements applying to products that carry state quality symbols "1" and "Q." These criteria will be used for new and modernized products that must undergo compulsory tests for quality and that must obtain quality certificates before they can be offered for sale. We will gradually expand the range of compulsory quality checks to include new products, which are important in helping to lower the material and energy intensiveness of production.

We will maintain price preferences and income taxation relief awarded for achieving quality symbols. The verification of the quality of those products that have received quality symbols in past years should be expanded.

2. Investment Policy [subhead]

Growth of Investment Outlays [subhead]

The expected increase in the national income and the plans for sharing it make it possible to increase gross investment outlays in the national economy by 3.6 percent and in the socialized economy by 3.7 percent. [paragraph continues]

Investments will be governed by the goals of the National Socioeconomic Plan, especially by the goals of export development and the modernization of the economy, including in particular industry and its individual branches that determine modernity and technological progress. With the help of economic instruments we will enforce action to improve the effectiveness of investment processes, especially to cut schedules, to improve quality, and to lower the cost of construction-assembly work.

In line with the National Socioeconomic Plan, we expect a more rapid increase in investment outlays in the area of material production (4.5 percent) than in the area of social consumption (1.7 percent).

As for material production, above-average increases in outlays should occur in industry (8 percent) and communications (5.3 percent). As for industry, an especially high rate of increase of outlays should take place in the mineral industry (15.4) because of the fact that in 1986-90 conditions will have been created to speed up the development of housing construction up to 1990. The same high rate will also occur in the food and feed industry (14.9 percent), which is necessary to reduce losses in farm produce.

We expect that, compared with 1987, investment outlays on the food economy will increase 5.1 percent in 1988 and will outstrip the 3.6-percent increase in outlays in the entire national economy. In 1987 outlays on the food economy will increase 4.3 percent, while outlays in the national economy will increase 2.6 percent.

As for social infrastructure, there will be telling increases in outlays on education (3.5 percent) and on health protection and social welfare (3.3 percent).

The rate of increases in outlays on construction-assembly work will be below the overall increase rate of outlays and will amount to 2.3 percent, but outlays on purchases of machines and equipment should increase 5.6 percent as a result of the increased participation of replacement and modernization investment.

For this reason we will increase the supply of domestic machines and equipment by 4.1 percent, of those imported from the first payment area by 9.3 percent, and of those from the second payment area by 9.4 percent.

Financing Investments [subhead]

In 1988, in line with National Socioeconomic Plan policy, further changes will occur in the sources of investment financing. These changes will involve curbing subsidies and boosting the role of loans in investment financing. Changes in the structure of investment financing will apply mainly to investments in enterprises in which the share of loans is expected to increase to 22 percent in 1988. This will make it possible to influence to a greater extent the lines and structure of enterprises' investments and to boost the effectiveness of investments. In this connection it is necessary to consistently reduce budget subsidies for enterprises' production investments. This will depend to a large extent on progress in fixing realistic prices on subsidized products.

Structure of Outlays Depending on the Level of Decisions [subhead]

In 1988 investment outlays in the socialized economy will account for almost 88 percent, and those in the nonsocialized economy will account for slightly over 17 percent of overall outlays in the national economy. By and large, these proportions will be as they have been in the past years. Investments of state and cooperative enterprises, which together with housing construction cooperatives account for 64.3 percent of investment outlays in the national economy, constitute the largest group of investments in the socialized economy.

In 1988 we will provide for central investments about 11.3 percent of investment outlays in the socialized economy. The share of investments sponsored by the local authorities will account for slightly over 13 percent.

The size of outlays on central investments results from the commitment of outlays to continued investments and from the need to ensure funds to finance investments to be commissioned in the next few years. In view of the need to curb the investment program and to concentrate funds in order to obtain dividends from continued investments as soon as possible, we propose to limit the range of new central investments in 1988.

Enterprises' investment activities will be of great importance. We expect that outlays in this group of investments will increase 3.1 percent, that is, slightly above the growth rate of outlays on central investments (2.7 percent). This is a favorable trend because, as present experience shows, enterprises generally carry out replacement-modernization investments of low estimated value and with short schedules.

Administering Investments [subhead]

Administering investments will be primarily ensured by:

-- The policy of investment loans giving priority to projects involving selective replacement and modernization of assets in line with the adopted structural changes in the economy aimed at boosting exports and conserving fuels, energy, and materials;

-- Instruments encouraging desirable investments (instituted relief from income taxation and relief regarding sinking fund payments into the budget);

-- Special supervision and assistance -- in the form of government orders -- in implementing investments that are important for restructuring the economy; government orders for implementing selected investments are regarded as a permanent element of administering investment activities up to 1990; this policy is reflected in the draft decree being prepared in this connection by the Council of Ministers;

-- Instruments counteracting the excessive expansion of the investment program and the worsening of the structure of investments; (for example, this includes payments of deposits when starting cube-shaped [kubatorowy] investments, restricting the range of new central investments, and radically curbing investments that are wholly or partially financed by budget subsidies to the tune of the estimated value of over Z850 millions in 1987 prices);

-- Instruments to ensure the discipline of costs (by enforcing norms and detailed estimates, for example) and prices in investment construction (by setting ceilings on their size, for example) and to extensively stimulate technological progress in this regard;

-- Instruments that tighten and streamline the implementation of investments (for example, by stipulating when signing investment accords that model implementation schedules should be used, by collecting conventional fines for failure to implement investments on time and properly, and by restricting bank loans for construction enterprises that fail to complete investments on schedule).

More militant action is also provided for in order to restore balance of investments. For this purpose we will make more extensive use of turnover taxation to restore partial balance of individual investment assets and construction work. Balancing the investment market should be also expedited by fixing a realistic interest rate for bank deposits and credits.

3. Training Skilled Cadres for National Economy [subhead]

Activities concerning the structure of training and the complete implementation of training programs for secondary school pupils and for students should include to a greater extent:

-- Measures concerning permanent training, especially training in production enterprises and in extracurricular training centers;

-- Training cadres for instruction work, research-development activities, and practical application of results of these activities, and especially efforts to improve the structure of these cadres, to increase the number of independent scientific workers and auxiliary personnel, and to provide skilled cadres for innovation enterprises.

It is necessary to pay special attention to the structure of local needs, and this calls for more militant activities by local authorities primarily to increase the information and inspirational role of employment departments.

Work on the forecast of long-term cadres, especially highly skilled cadres, is about to be completed. On the strength of this forecast it will be possible to use more rationally the instruments that directly influence the structure of training and employment. These instruments should make it possible to rationalize training to meet the needs of the economy.

An analysis of these needs shows that it is necessary to give priority to the following lines of training highly skilled cadres:

-- Electronics, automation, introduction of robots, telecommunications;

-- Information science;

-- Biotechnology, protection of the natural environment;

-- Teacher training at universities;

-- Organization and management.

4. Prospecting for Natural Resources [subhead]

At times, estimates in records of our natural resources deposits differ from the actual level of extraction. It is estimated that at the present rate of exploitation the recorded deposits of bituminous coal will last 85 years, of brown coal 45 years, of copper ores 25 years, of sulfur 35 years, and of natural gas 30 years.

Ensuring long-term supplies of fuels and raw materials for the country calls not only for improving the effectiveness of their consumption, but also for our increased ability to prospect for new domestic deposits of these resources, so that their extraction can be maintained at the necessary level.

In this connection the main lines of 1988 activities should be to:

-- Continue basic research, localize deposits, and determine conditions for exploitation of natural resources, especially crude oil, gas, drinking water, mineral raw materials, and other deposits;

-- Intensify preparations for exploiting localized deposits with the help of local resources, in the first place deposits of materials used for building purposes and deposits of water for farming and production purposes.

This will require funds amounting to about Z15.3 billion, which is about 14 percent more than in 1987. The Geological Work Fund and, to some extent, subsidies will be the main sources of these fiscal means.

In 1988 the program for localizing and increasing our base of raw materials base should be supported much more actively by fiscal measures and resources provided by local authorities, especially for the purpose of localizing and exploiting local natural resources. This applies especially to materials for building purposes, to fuel and energy substitutes, and to other materials that can stimulate production to meet local needs.

5. Housing Construction and Repairs [subhead]

Housing Construction [subhead]

We plan to build 200,000-205,000 apartments in 1988, which is 5,000-10,000 more than in 1987. This means that 580,000-585,000 apartments will have been built in 1986-88.

The final decision on the extent of the 1988 housing construction plan will be made at the voivodship level.

Private housing construction should play a significant role. The proportion of this construction has accounted for over 30 percent of general construction in the past few years. [paragraph continues]

It is estimated that about 400,000 single family houses are at present under construction in Poland. Local authorities will have to create conditions to accelerate the completion of these houses. The main point in this connection is the building site infrastructure, the supply of heat and water, and the necessary social facilities.

Realization of the 1988 housing construction program will improve people's housing conditions to some extent. This means that the average usable floor per apartment will increase to 56.6 square meters and that the average density index will now amount to no more than one person per room.

Repairs and Modernization of Apartments [subhead]

In 1988 we will provide Z100 billion for repairs to and modernization of apartments, and this will be 11.2 percent more than in 1987. These funds should be enough to repair 15,400 apartment blocks totaling 200,000 apartments, which means that the number of repaired and modernized blocs and apartments will increase by 22.2 and 11.1 percent respectively, and that the housing conditions of some 600,000 citizens will improve to some extent.

The implementation of the National Socioeconomic Plan with regard to repairs continues to proceed favorably. In 1986-88 over 600,000 apartments will have been repaired, which is about 12 percent more than the plan envisages for this period (538,000 apartments). It is estimated that about 47,000 apartment blocks will be repaired and modernized, whereas the plan provides for 40,000 such blocks. Nevertheless, it would take us 17 years to repair all the housing that needs repairs right now if we were to proceed at the present rate of repairs.

This means that we must intensify repairs and modernization in order to prevent writing off for good some sections of our housing, a contingency that would intensify still further the shortage of apartments and increase the pressure on housing. One of the measures to prevent this happening will be the state's increased credit assistance for the people as of 1988 to enable them to repair and modernize housing and to adapt nonhousing premises as apartments.

Supply of Material [subhead]

In 1988 housing construction and its infrastructure as well as repairs to apartments will continue to profit from priority in supplies of material.

Supervision of the supply of basic building materials will ensure that this supply is proportionate to the level of the individual voivodship's actual commitments.

In addition, the government will place orders for production of housing construction articles that are in acutely short supply, including electric cables, bathtubs, washing sinks, gas and electric stoves, glues, mineral and glass wool and its products, paints, varnishes, heaters, electricity and gas meters, and so on. Shops selling nonrationed materials will supply these articles in the first place for customers who are building housing.

Conservation and Effectiveness [subhead]

The expected increases in housing construction and repairs will be possible only if we lower the material intensiveness of construction by 2-2.5 percent. Anything in excess of 2.5 percent would enable us to increase housing construction over and above the planned targets.

The necessary reductions in material intensiveness should be achieved especially through:

-- Thrifty designs that reduce unit outlays without lowering quality;

-- Practicing the system of tying wages more profitably to the effective exploitation of materials;

-- Preventing losses and waste of materials during the preparation and implementation of investments;

-- Effectively utilizing the site of actual construction in order to cut the volume of engineering work;

-- Using modern and flexible organizational structures instead of large monopolized structures;

-- Generally standardizing the consumption of materials and abandoning technologies that use large amounts of materials;

-- Improving discipline at work.

The rapid development of housing construction calls for supplies of modern materials and progress in construction technology. In 1988 we will continue to modernize the building materials industry. In addition, results from some investment efforts undertaken in past years will be visible. We expect to produce 215,000 tonnes of mineral and glass wool, which are basic insulating materials in construction. Our capacity to produce walling materials from cellular concrete will increase as a result of commissioning new and modernized plants, including the plants in Skawina (204,00 cubic meters), in Dlugi Kat (178,000 cubic meters), and in Reda (74,000 cubic meters). We also expect to intensify the production of small-size ceramic walling elements and those made of lime and sand, as well as the production of construction slag, mainly to meet the needs of private housing construction.

Principles of Financing and Loans [subhead]

New principles of financing housing construction will be introduced as of 1 January 1988.

New principles of granting loans are as follows:

Bank loans will be determined by the standard cost of construction, which includes justified costs of: apartment construction with approved standards of furnishing and finishing, infrastructure facilities, blueprints, development of the surrounding area, and investment services. [paragraph continues]

In the case of cooperative housing construction for a number of families, this cost will cover payments for using the construction site for an indefinite period, including the first payment on this account. The minister of construction, land use management, and municipal service will fix the index of standard costs every year.

The actual cost of apartment construction in excess of the standard cost would be covered by future occupants of these apartments (built regardless of the initial size of the deposits paid by occupants) or by additional bank loans granted at higher interest rates.

Responding to the trade unions' postulates, it has been decided to personalize state assistance, that is, to grant some state loans directly to citizens. This will be done in the case of individually owned construction projects built under cooperative arrangements in the form of single family houses and business premises in small houses and in apartment blocks.

Loans to build cooperative apartments for rent to tenants will continue to be granted to housing cooperatives.

Detailed principles of granting loans to finance individual forms of housing construction, auxiliary housing facilities, and repairs (modernization) of single family houses (business premises) will be as follows:

1. In relation to cooperative construction:

-- The present size of deposits on cooperative apartments to be paid by tenants and by private owners of apartments will be maintained (10 and 20 percent respectively, in relation to construction costs);

-- In the case of apartments for rent the budget subsidies will be reduced from 50 to 40 percent of the standard cost;

-- The repayment period for loans for rented and privately owned apartments will be standardized to last 40 years and the interest charged on these loans will be 1 percent for tenant apartments and 3 percent for privately owned apartments.

2. In relation to private construction:

-- Loans will be granted up to 80 percent of the standard cost of construction; the repayment period will be 40 years and interest will be charged at 3 percent;

-- The initial deposits to be paid by prospective owners will amount to 20 percent of construction costs; if a house (business premises) is to be built to a design that makes it possible to reduce energy consumption by 30 percent in relation to the approved heating norms, the initial deposits may be reduced to 10 percent;

-- It may be possible to grant an additional loan at higher interest to cover additional costs when standard construction costs are exceeded or when additional constuction is carried out;

-- In order to enable builders of single family houses to speed up the completion of their houses, supplementary loans will be granted in amounts according with the principles we have now proposed; such loans would be granted to persons who received bank loans between 1 January 1986 and the day on which the draft regulations in question become valid.

3. As for construction sponsored by enterprises, we propose to create better loan conditions by raising the size of loans from 40 to 50 percent of the standard costs of housing construction, by extending the repayment period from 15 to 20 years, and by cutting interest from 4 to 3 percent.

4. As for repairs (modernization) to single family houses and business premises in small houses and apartment blocks (premises constituting a separate property), we propose that physical persons should be granted loans up to 70 percent of the standard costs of construction (at present these costs amount to Z470,000) for a repayment period no longer than 20 years. Such loans could also be granted for the vertical and horizontal expansion of buildings owned by the state and to adapt nonhousing premises such as attics, drying facilities, and so on as apartments.

We expect that the adoption of these principles will help to fulfill one of the basic conditions for increasing the size of housing construction: It will ensure that funds are spent more rationally and are increased as a result of the increased commitment of the population's private fiscal means. However, budget subsidies, which will amount to over Z400 billion in 1987, will be the fundamental source of finance for housing construction.

6. Communal Economy [subhead]

If housing construction is to be smooth, especially in urban areas, it is necessary to complete the required infrastructure arrangements in good time, that is, to choose suitable building sites, settle property relations (buy out sites), and install the usual communal facilities. Because building sites possessing the necessary technical infrastructure are no longer available in some conurbations, the problem is acquiring special significance. In 1988 we intend to provide technical infrastructure for the sites that will accommodate planned housing construction. At the same time, we expect further improvements in basic communal services, although we also expect that we will not be able to make good all the arrears in these services, and that their supply will still not satisfy demand.

The plans with regard to the technical infrastructure of building sites and to supplies of water, heat, and liquid gas for households constitute the principal tasks on the basis of which voivodships will draw up their 1988 commitments in the communal economy.

Investment Funds [subhead]

Investment outlays on the communal economy will be slightly higher than in 1987 and will amount to Z145 billion. It is estimated that communal investments will absorb abut 45 percent of the investment outlays sponsored by the people's councils. Special attention should be paid to heating arrangements and water supplies because during the past severe winter the weaknesses of the heating system made themselves felt most forcefully in many conurbations.

Communal Services [subhead]

It is expected that in 1983 municipal waterworks will supply households with 1.615 billion cubic meters of water, which will be 1.8 percent more than this year. The supply of heat to meet communal and everyday needs will amount to 235 million gigajoules, which will be 4 percent more, and the supply of liquid gas for households will amount to 143,000 tonnes, which will be 1.4 percent more.

Investment Effects (Water and Heat) [subhead]

This will be possible thanks to the completion of 40 waterworks, which can together supply about 450,000 cubic meters a day, and 45 communal heating plants developing about 1,000 gigacalories of heat per hour. As for industrial energy plants' heating investments, implemented with the help of territorial funds, we expect to commission four investment projects which will increase heating energy by 460 gigacalories per hour. In 1986-88 the increase in heating energy should amount to about 2,000 gigacalories per hour.

7. Protection of Environment and Water Economy [subhead]

Protection of Environment [subhead]

In 1988 efforts to protect the environment will be primarily focused on:

-- Intensifying activities to protect the environment, especially the endangered areas and areas of special biological value;

-- Further improving the quality of water, especially drinking water springs, and fulfilling obligations stemming from international accords;

-- Cutting down dust emissions and gas pollution;

-- Effectively recycling scrap.

Protecting Waters [subhead]

Investment activities to protect waters will be focused on:

-- Constructing sewage treatment plants in the upper reaches of rivers;

-- Constructing sewage treatment plants along the seacoast and along the rivers in the Eastern and Western maritime area in order to maximally meet the obligations of the Helsinki Convention;

-- Realizing the program for constructing sewage treatment plants in selected river confluences in line with regional policy on environmental protection.

These measures should help increase the capacity of sewage treatment plants by about 1 million cubic meters a day. [paragraph continues]

We plan to commission about 300 sewage treatment plants, including the Czajka plant for the right-hand embankment of the Vistula in Warsaw and the Hajdow sewage treatment plant in Lublin, whose round-the-clock capacity will be 400,000 and 165,000 cubic meters, respectively.

Protecting Air and Soil [subhead]

Investment activities with regard to protecting air and soil will be concentrated in the areas in which most pollution is generated -- in Katowice Voivodship, in Krakow City, and in Legnica Voivodship. We will primarily install equipment to cut down the emission of dust and of sulfur compounds.

The storage of harmful scrap should improve and its effective recycling should increase.

Water Management [subhead]

Natural conditions mean that Poland's water reserves are meager compared to those of other European countries and underground reserves of water that could be exploited are distributed unevenly about the territory of the country. Water reserves located above ground are irregular and subject to change in their distribution over time, and their accessibility does not meet the current scale of needs.

Thus, it is necessary to increase the retention capacity of water reservoirs in order to improve the supply of water to the population and to industry, to reduce shortages, and to diminish the danger of flooding.

In 1988 investment resources will be chiefly directed at completing and advancing work on investment projects begun in previous years. This will apply to the construction of water reservoirs in particular.

As part of central investment, work will be continued on the construction of five storage reservoirs -- "Czorsztyn," "Klimkowka," "Bukowka," "Jeziorsko," and "Swinna Poreba"-- and on two water pipeline systems. Consideration is also being given to the possibility of commencing work in 1983 on the construction of the "Rzymowka" water reservoir and the second stage of the Northern Water Supply System for Warsaw.

Work will be continued on the construction of two storage reservoirs ("Sosnowka," and "Wiorzy"), two connected reservoirs involving the use of aggregate ("Kozielno" and "Topola"), and three dam stages on the upper Wisla ("Dwory," "Smolice," and "Kosciuszko"), and the modernization of weirs along the Odra waterway.

Investment Activity Objectives [subhead]

Investment activity should produce the following in the coming year: new water catchments with an output of 700,000 cm of water over a period of 24 hours, water pipelines totaling 3,900 km, small water reservoirs with a total capacity of 2 million cm, and the regulation of 800 km of riverbanks.

It is essential to improve the supply of water to the countryside by accelerating work on the construction of rural water pipelines, particularly in areas that are poor in water resources.

Incentives [subhead]

Enterprise activity aimed at the protection of the environment and water management will be stimulated by way of economic instruments and directives, prohibitions, and administrative penalties.

The following will be in force in 1988:

-- A ban on locating new industrial plants and expanding existing ones in the following agglomerations when this results in the employment of more than 200 people: Gdansk (with the exception of maritime investment projects), Krakow, Lodz, Warsaw, and Katowice, insofar as the expansion of these plants is not connected with the use of local raw materials, the direct provision of services to inhabitants of the agglomeration or the implementation of the program for structural changes in industry,

-- A ban on the construction and expansion of industrial plants that place a burden on the environment in ecologically endangered areas and areas of particular natural worth.

To encourage the creation of environmental protection installations and facilities, enterprises undertaking investment projects in this area will receive:

-- Revenue tax concessions amounting to 30 percent of the estimated value of the investment project.

-- Concessions on depreciation payments to the budget in the form of placing at the disposal of enterprises the entire depreciation amount calculated on the basis of the recorded amount of fixed assets allocated for environmental protection.

Tax concessions will be expanded with regard to investment connected with starting or increasing production of equipment for the protection of the environment. Enterprise investment undertakings will be supported with funds from the Environmental Protection Fund and the Water Management Fund. Enterprises will continue to be exempt from surety bonds based on size when investment projects are connected with the protection of the environment.

IV Consumption [chapter head]

1. The Supply of Goods and Services to the Marketplace [subhead]

The Rate and Structure of the Supply of Goods [subhead]

The envisaged growth in domestic output and the projected level of imports should make it possible to increase the supply of goods to the marketplace by 2.2 percent in real terms. The level of services provided to the population against payment should increase by about 5 percent.

It is estimated that of all goods supplied to the marketplace (calculated at current prices) more than 30 percent will consist of foodstuffs, 13 percent of alcoholic beverages, and more than 56 percent of non-foodstuffs of various kinds.

The establishment and consolidation of equilibrium should serve to extend those areas of the economy in which the market is the basic determining factor; central influence will be directed at shaping the market.

An essential distinguishing feature of these areas of the economy will be a system of contract prices that are not subject to direct administrative interference. At the present time, an area of this kind in its purest form is the fruit, vegetable, and egg market and the glass-ceramics and footwear industries. This area will undergo significant expansion. The first areas to be affected will be: the entire electronics industry, the manufacture of household appliances, the automobile industry, part of light industry -- particularly woolens, clothes, and hosiery -- the furniture industry, and some branches and sub-branches of the food industry, such as dairy and flour products, and the confectionary industry.

Foodstuffs [subhead]

Supplies of foodstuffs will increase by 1.9 percent; actual supplies of food will increase by 2.6 percent, and supplies of alcoholic beverages by 0.3 percent. It is projected that demand for the following basic commodities will be fully satisfied: cereal products, bakery products, milk and dairy products, animal fats, eggs, sugar, and vegetables and vegetable products. Supplies of meat and meat products will remain at the same level as in 1987. It is envisaged that the system of meat rationing will be suspended. This can be achieved if prices are fixed at equilibrium levels and if the effects of higher prices are offset by an appropriate increase in personal income. A supplementary source for the purchase of meat will be the free market sale of meat by farmers-producers.

The production of socially important foodstuffs for children and so-called health foods will be increased. It is envisaged that supplies of liquor will remain at the same level as in 1987. In order to change the structure of alcohol consumption so that more beverages with a low alcohol content are consumed, there will be a slight increase in supplies of beer and wine.

Non-foodstuffs [subhead]

Supplies of non-foodstuffs will increase by 2.4 percent. It is envisaged that shortages of basic household goods, above all, will be eliminated or significantly reduced.

Consumer Goods [subhead]

It is predicted that equilibrium will be achieved in the following markets: ceramics, glassware, perfumes-cosmetics, small metal products, hosiery, and in some other markets for goods produced by light industry, and the chemical, electrical engineering, and printing industries.

An assessment of production targets and the envisaged scale of foreign trade indicates that there will be an increase in supplies of household appliances and electrical equipment; this particularly applies to refrigerators, automatic washing machines, television sets, radio-tape units, and tape-recorders. The increase in supplies of these goods will amount to several percent. Quantitative changes will be accompanied by qualitative changes; improved products will appear on the market.

Government orders will cover articles connected with personal hygiene, and this should make it possible to ensure that supplies of these goods are better than in 1987.

The socially important production of goods for children in the youngest age-group, and for young people will be supported by a system of financial concessions and priority entitlement to supplies.

Non-Consumer Goods [subhead]

Supplies of goods other than consumer goods will increase by 1.7 percent.

The stabilization of iron and steel production will only make it possible to maintain supplies of rolled products, steel pipes, and zinc-coated sheet metal at close to 1987 levels. This will also apply to supplies of cement, lime, and asbestos-cement plates. However, there will be an increase in supplies of building materials such as: walling materials, tar boards, and window glass.

A key problem that the central authorities attach particular importance to is that of improving the supply of fuel to the population in order to meet domestic needs and the needs of agricultural production. The problem will be solved by changing in the coal balance for 1988 to the advantage of the market and by actions designed to make domestic fuel consumption more efficient and by improving the functioning of trade in coal.

In view of the stabilization of the level of bituminous coal extraction, a further increase in supply will depend on there being significant reductions in coal consumption for production and supply purposes. The process of improving fuel use for domestic purposes will also include expanding the production of equipment for the economic combustion of coal, including poorer quality types of coal, the further verification of coal allowance cards, and introducing the possibility of exchanging entitlements to purchase coal for money on a permanent basis. Conditions will also be created for offsetting shortages of bituminous coal by increasing supplies of other forms of energy.

Instruments for Improving the Quality of Goods [subhead]

The stepping up of quality controls when goods are received and the progress that is being made in renewing cadres of product quality experts employed in trade and quality control services should result in a marked decline in the number of poor quality products reaching the market. As was the case in 1987, instruments will be employed to stimulate interest in high quality output and to discourage the production and sale of goods that do not meet quality requirements. This last group of instruments will include: deductions from profits, restrictions on obtaining credits, compulsory price reductions, and producer involvement in price reductions.

However, a fundamental condition for improving the quality of products is further progress in effecting market equilibrium. The progress in this area that can be achieved in 1988 will place trade in a significantly more advantageous position with respect to producers, and will make it possible to require producers to supply goods of a suitable quality that meet the demand in terms of volume and the types of goods sought.

The Expansion of the Retail Trade Network [subhead]

Steps will continue to be taken to expand the trade network and modernize technical equipment in existing facilities. This will be encouraged by way of institutional solutions that will make it possible for trade units to increase their development funds and the maintenance of preferential conditions for bank credits.

The expansion of the trade and services network will particularly apply to areas where there are new housing developments, in accordance with current norms (350 sq m for every 100 inhabitants) and the preferential terms for obtaining credits.

Steps will be taken to improve the organizational structure of trade, to create new trade and production companies and joint ventures, and to eliminate monopolies in branch regional trade. Activities of this kind will lead to greater diversity of organizational forms, which will permit the emergence of real competition in serving consumers.

Improving the Service Provided to Consumers [subhead]

Reducing the difficulties involved in making purchases is considered a particularly important task for trade. This will be achieved by:

-- Increasing the independence of trade outlets -- especially with regard to obtaining goods -- linking pay to performance and the quality of service provided to consumers, and introducing seasonal price reductions.

-- Expanding the agency system of retailing and increasing employment on a part-time basis during peak shopping hours,

-- Expanding the network of model and specialist shops and modern methods of retailing and providing services,

-- Increasing the number of prepackaged goods, particularly foodstuffs.

The resources of the Fund for Market Development will be used to carry out activities designed to improve the supply of goods and the service provided to consumers; activities such as improving the quality of goods and services, expanding the retail trade infrastructure, providing more technical equipment, and boosting supply. The fund's resources will also be used to aid investment in the trade and services sector. The current level of resources accumulated in the fund's account amounts to Z6 billion. It is envisaged that the fund's resources will be used, inter alia, for the partial financing of the construction of modern covered markets and the modernization of department stores, and to assist manufacturers with the production of trade equipment (electronic cash registers, refrigeration units, and scales).

The Central Regulation of Goods [subhead]

An improvement in the supply of a wide range of goods and an active pricing policy will make it possible to gradually reduce the number of goods that are subject to central regulation. [paragraph continues]

In 1988 the list of such goods should consist of no more than about 10 groups, the only non-foodstuffs that will remain on the list are fuel and washing powder, and the only foodstuffs will be meat, butter, and some fats. A curtailment of central regulation will create suitable conditions for increasing the initiative displayed by traders in obtaining goods.

Services to the Population [subhead]

The sale of services can increase by 5 percent, which includes an increase of 1.5 percent in consumer services. There will be an expansion of the network of small businesses and cooperative service establishments that provide services in rural areas; this particularly applies to building and repair work, general repairs, smithery and metal work, and services connected with the rural household. Average employment in the consumer services sector will increase by 1.5 percent. The value of consumer services (calculated on the basis of fixed prices), whereas in 1984 it accounted for 24 percent. There are various reasons for this negative situation. The high increase in the cost of services has led certain population groups to stop using services that are not considered essential and has given rise to a trend toward self-reliance and assistance from friends and neighbors in those areas where this is possible.

Shortages, particularly of spare parts, are a basic obstacle for the provision of services. With a view to stimulating the expansion of consumer services, activities that were tested in previous years will be continued in 1988 (thanks to these activities, the decline in service capacity, among other things, was arrested), such as tax concessions, credits on preferential terms, government orders for household appliance spare parts that are in particularly short supply. Services are a sphere of economic activity that depends, to a great extent, on regional authorities correctly implementing policy. Regional authorities are responsible for allocating premises, granting rent reductions for premises located in communal buildings, and allocating building lots for small businesses.

2. Prices and Incomes Policy [subhead]

The principles of prices and incomes policy for 1988 are set out in a separate document that constitutes an integral part of the principles of the Central Annual Plan.

3. Social Services [subhead]

For a number of years the factors determining the growth in demand for social services in a broad sense -- that is, education, health care, social welfare, culture and the arts, and sports and tourism -- have been and continue to be:

-- the higher educational and cultural level of society;

-- the unequal rate of population growth with respect to particular age-groups and the changes in the nature of the need for the expansion of services that this entails; this is particularly true of services such as education, health care, and social welfare assistance;

-- delays in work connected with the development of these services and the varying degree to which needs are satisfied regionally.

In the social services sphere there ought to be an increase in cadres and infrastructure that is at least proportional to the rate of demographic growth. In addition, there ought to be an improvement in the quality and accessibility of these services by ways of improving the functioning of such facilities and providing them with better technical equipment.

The rate of development of services and creation of conditions that induce an improvement in the quality of services are primarily determined by the decisions made by regional authorities.

It is estimated that the financial resources regional authorities will have at their disposal in 1988 will permit regional authorities to make and implement decisions that will ensure the attainment of National Socioeconomic Plan goals both with regard to increasing cadre levels and the social services infrastructure. Initiative on the part of regional authorities is required just as much as financial and material resources. This initiative should be directed at introducing organizational improvements that will ensure social service facilities operate and that what is sometimes costly equipment is used more efficiently.

3.1 Education and Upbringing [subhead]

Nursery School Education [subhead]

As a result of regional authorities undertaking investment, capital repair work, and accepting buildings currently managed by other organizational units, it is envisaged that the number of nursery school places will increase by 30,000; the completion of investment projects will account for 22,000 of these places. During the period 1986-88 the total increase in the number of places will amount to about 87,000, which will represent the accomplishment of 62 percent of the tasks envisaged by the National Socioeconomic Plan.

Demographic forecasts indicate that beginning with 1988 there will be a systematic decline in the number of children in the 3-6 year age-group. A reduction in the size of this population combined with the projected increase in the number of places in nursery schools will make it possible to improve the satisfaction of needs in this area. As a result, in 1988 it will be possible for 54.2 percent of children in the 3-6 year age-group to receive a nursery school education, compared with 52.8 percent in 1987 and 50.7 percent in 1985.

It is estimated that in the coming year 1,480,500 children will receive various forms of preschool care, that is, 36,000 more than in the current year.

Elementary School Education [subhead]

It is projected that the number of elementary school pupils will increase by about 87,000, that is, by 1.7 percent compared with the current year. This will make it necessary to increase the number of departments and ensure there is an appropriate increase in the size of teaching cadres.

Voivodship office projections indicate that elementary schools will acquire an additional 3,500 classrooms, which will make it possible to ensure there are sufficient facilities for the growing number of pupils. During the period 1986-88 the number of classrooms will increase by 11,000.

During the coming years the accomplishment of National Socioeconomic Plan tasks will call for a considerable reduction in school construction investment cycles.

The supply of school textbooks will rise to a level of 66.9 million copies and their production will continue to be covered by government orders.

Elementary School Graduates [subhead]

Elementary school education will be completed by 528,200 pupils, that is, 22,700 more than in 1987. It is projected that 97.5 percent of elementary school graduates will continue to study in post-elementary level schools; 76.7 percent of them will attend vocational schools. Schools providing a full secondary education will be attended by 45.1 percent of elementary school graduates, compared with 45 percent this year.

Post-Elementary Level Education [subhead]

It is necessary to continue to step up cooperation with workplaces and regional educational authorities to make the supply structure of post-elementary level school graduates correspond more closely to the structure of employment needs and to ensure greater workplace participation in the process of educating and bringing up young people.

It will also be essential for regional authorities to step up efforts aimed at achieving greater progress in constructing post-elementary level schools and schools with boarding facilities.

3.2 Higher Education [subhead]

Student Levels and Admissions [subhead]

In 1988, 53,200 persons will be admitted to full-time courses of study. The ministers charged with overseeing higher education should ensure that at least 17,000 of this number are admitted to teaching disciplines.

It is intended to admit 19,900 persons to the first year of courses of study, at least 8,100 of this number will study teaching disciplines. There will be no limit placed on the number of persons admitted to courses of study in the teaching field. This will make it possible to raise the teaching qualifications of all teachers in employment who successfully pass the preliminary examination.

The changes to be introduced in the teaching of persons who have been admitted to the first year of courses of study ought to accord with preliminary forecasts concerning the needs of the national economy with respect to qualified cadres.

It is necessary to improve the efficiency of higher education by way of ensuring that discipline on courses of study is observed, that teaching is effective, and courses are completed on time.

Cadres [subhead]

Steps to improve the efficiency of the emplyoyment structure ought to be continued; this particularly applies to increasing the role of academic teaching staff, including the young scientific and teaching cadre.

Particular attention has to be devoted to making efficient use of the cadre and material potential of institutions of higher education to further scientific and technical progress and the application of new developments in this field.

3.3 Culture and the Arts [subhead]

The basic task with regard to propagating culture and the arts continues to be that of ensuring greater equality of access to culture by way of increasing the number of centers for the dissemination of culture, stepping up production of goods for the dissemination of culture, and increasing the level of cultural center activity.

Radio and Television [subhead]

The process of making radio and television programs more attractive will be continued. Polish radio and television envisages an improvement in its programs in that programs will be more suited to the expectations of particular social and vocational groups and different age-groups.

Radio will broadcast more programs on the country's economic problems, technological progress, national and state history, and international issues. There will be an increase in the number of music programs that arouses great interest on the part of listeners, that is, broadcasts of stereo and compact disc recordings.

There will be a significant fall in the number of repeat broadcasts on television. It is planned to increase the number of feature films and documentaries shown on television.

The basic source of finance for radio and television is the revenue obtained from subscribers. An increase in license rates and steps taken by the Committee for Radio and Television aimed at increasing revenue derived from transmissions (payments for music requests, commercials) and other activities (for example, the international exchange of recordings and television programs, and coverage of visits and various other events) should make it possible for television and radio to fully cover expenditure with the revenue obtained.

Book Output [subhead]

It is envisaged that existing conditions will make it possible to increase supplies of paper for publishing purposes to a level of 270,000 tons. This will mean that total print runs will amount to 260 million copies, that is, 6.8 copies for every inhabitant, which represents an increase of 5 million copies compared with 1987. It is envisaged that about 6 million titles of books and brochures will be published.

Publishers' plans take extensive account of public expectations with regard to titles and the sizes of editions. It is envisaged that demand for school and academic textbooks and school reading matter will be fully satisfied. There will be an increase in the sizes of editions of books for children and young people, and particular attention will be given to the demand for science fiction.

To more fully satisfy the mass educational needs of the reading public, output of popular dictionaries of the Polish language and linguistic reference books will be increased from 2 million to 4 million copies.

The publishing program for encyclopedias, encyclopedic dictionaries, and bilingual dictionaries will be expanded.

The publication of the following, inter alia, is planned:

-- a canon of Polish and world literature as part of the series "A Library of Polish and Foreign Literature,"

-- items in the series "The Greatest Works of People's Poland," in connection with the preparations for the 50th anniversary of People's Poland,

-- items for the home libraries of worker and peasant communities,

Titles that are particularly sought by readers will be published in editions of more than 100,000 copies.

Increasing Readership [subhead]

It is planned that new forms of popularizing books will be introduced. These will include, inter alia, workplaces and rural book fairs and book fairs for groups of young people. In addition to lending books, rural libraries will also sell books.

Public Libraries [subhead]

Increasing access to books will also be aided by an increase of 150 in the number of public libraries and an increase in collections of books from 3.2 volumes per inhabitant in 1985 to 3.5 volumes in 1988.

An increase in the number of new publications purchased and an improvement in the range of purchases will create conditions for increasing the number of readers and the frequency with which books are borrowed.

Print Runs of Newspapers and Periodicals [subhead]

Total print runs of newspapers and periodicals will amount to 3,560 million copies, that is 93.7 copies for every inhabitant, which will represent an increase of more than 180 million copies compared with 1987. About 750 periodicals and 55 newspapers will be published.

Theaters and Music Institutions [subhead]

An increase in the number of performances, including premieres, in theaters and music institutions compared with 1987 will create conditions for increasing the number of people who avail themselves of this form of cultural activity. More effort has to be put into increasing the number of tours made by theatrical companies.

Film [subhead]

In 1988, 33 feature films will be made and 189 films for television. In addition, it is envisaged that about 160 feature films will be distributed in cinemas, including 120 imported films.

Sources of Finance [subhead]

The Fund for the Development of Culture will be the basic source of finance for culture.

The main ways in which resources have been distributed will continue to apply in 1988, that is, resources will be used to support arts institutions and arts activity; the work of cultural centers, clubs, and community centers; public libraries and reading; the maintenance, construction and expansion of facilities used for cultural activity; and for the preservation of cultural values and the management of museums.

The level of subsidies received by voivodships from the Central Fund for the Development of Culture will continue to be linked to the level of resources allocated by people's councils themselves for the financing of cultural activity.

3.4 Health Care and Social Welfare [subhead]

Basic Issues and Objectives [subhead]

The most important health problems that will be a focus of particular interest for preventive activity and the provision of treatment include:

-- illnesses associated with civilization, that is, circulatory illnesses, tumors, accidents, traumas, and intoxication;

-- infectious diseases and parasitosis resulting from the unsatisfactory sanitary conditions in the country;

-- the extensive use of tobacco, excessive alcohol consumption, drug dependency and drug addiction.

In view of this, it will be necessary to concentrate activites aimed at improving the health of society on combatting the main threats to health primarily by:

-- increasing public knowledge about health matters and increasing people's concern about their own health;

-- improving the functioning of basic health care, including the functioning of industry's health service;

-- improving the care provided for mothers and children;

-- improving the supply of drugs, and medical materials and equipment, and ensuring that they are used more effectively;

-- consistently implementing the program for improving sanitary conditions in the country.

Health Care [subhead]

Improvements will be made to the principles for the operation of health service organizational units and new solutions will be introduced for ensuring that a high quality service is provided at all levels of health care; this will include increasing the extent to which it is possible to select one's own physician at the basic health care level. To increase the availability of health care services, the working hours of departments that make diagnoses will be extended in line with existing possibilities. Hospital services will be extended at least during 6 days of the week. As a result of more efficient treatment it is envisaged that the average duration of a stay in the hospital will be reduced, which should make it possible to increase the number of persons who can be hospitalized and reduce waiting lists for admission to hospitals.

As part of improving the financing and location of health service units, efforts will be made to make rational use of the existing cadre and material and technical potential. The existing "for accomplishing tasks" system of financing will be replaced by a "for having accomplished tasks" system.

In the prevention field, particular emphasis will be placed on improving sanitary conditions in the country and on providing health education. A "General Program for Improving National Sanitary Conditions," drawn up by the health and welfare minister in accordance with the principle guidelines adopted by the Council of Ministers, will be implemented.

Another important problem is the attainment of a significant improvement in the care provided to children and young people in their residences and in educational establishments; this particularly applies to stomatology and the system for conducting periodic examinations of the young population.

Care of Mothers and Young Children [subhead]

As part of activities designed to improve the care provided to mothers and children, efforts will be made to ensure that all pregnant mothers receive prenatal care and that medical care is provided to women who are experiencing particularly difficult pregnancies. This will be possible by, inter alia, increasing the network of clinics for women and improving the diagnostic equipment in these clinics. A greater number of children will receive medical examinations (so-called balance examinations). A further reduction in the infant mortality rate can be expected in 1988.

Care of Elderly and Handicapped People [subhead]

Particular attention will be accorded the provision of care to elderly and handicapped people by way of improving and increasing the results of community assistance, and by taking account of the need to expand services, particularly the provision of home care for sick people. This last form of care will also affect the remainder of the population as part of the experimental introduction of home hospitalization when this is possible.

Drugs and Medical Equipment [subhead]

To ensure that there is an improvement in the provision of supplies of drugs, sanitary articles, and medical equipment and apparatus to the health service, the production of these items will be covered by the government orders system. It is envisaged that supplies of domestically produced drugs, and medical and sanitary products will be increased by about 23 percent and that supplies of medical apparatus and equipment will increase by about 13 percent. Several new drugs should begin to be produced domestically. Medical apparatus and equipment that will begin to be manufactured includes: remote control X-ray machinery, instruments for measuring sugar levels in the bloodstream, disposable syringes with needles for the use of insulin, and a whole range of the latest medical equipment (including sterilizers, operating room lights, and respiratory devices).

Medical Cadres [subhead]

The following increases in medical cadre levels are planned (in thousands):

	1985	1987	1988
Physicians	73.2	77.6	79.8
Dentists	17.4	17.9	17.9
Pharmacists	16.1	16.7	16.7
Nurses	179.7	197.2	204.0

Steps will continue to be taken to improve the regional distribution of cadre and their distribution in various branches of the health service. To reduce regional imbalances in distributing medical cadres, steps will continue to be taken to stimulate cadre movement to areas where there are cadre shortages.

The expansion of the material base of all forms of health service units is envisaged. People's councils are planning to increase the number of hospital beds by 3,000. The number of hospital beds for every 10,000 members of the population will increase from 57.1 in 1987 to 57.6 in 1988. The number of places in nurseries will increase by 2,400. The number of health centers will increase by 19, and the number of clinics by 50.

The number of places in social welfare homes will increase by 1,000, that is, the total number of places will amount to 68,200. More than 12,300 people are entitled to places in social welfare homes and are waiting for admission, and about 6,000 chronically sick people are being kept in hospitals for social reasons. This gives an indication of the extent to which there continues to be a shortage of places and of the need for people's councils to make rapid progress in this field.

3.5 Tourism and Recreation [subhead]

Fundamental tasks continue to be:

-- developing and expanding patterns of tourism and recreation that are appropriate to the needs and interests of various social and occupational groups,

-- expanding the tourism and recreation base, particularly for children and young people.

New rules for the creation and use of workplace social funds create conditions for increasing expenditure on participation by work forces, their families, and pensioners in tourism and recreation, and for making more efficient and fuller use of social facilities. It is estimated that in 1988 the number of persons using vacation and recreation facilities will exceed the 4 million mark and will attain the level envisaged by the National Socioeconomic Plan. This will be achieved as a result of partially arresting the decline in the state of vacation facilities, increasing accommodation, and making more efficent use of the tourism and recreation base.

It is envisaged that there will continue to be an increase in the trend toward independently organized vacations (vacations spent with friends and relatives, in privately rented accommodation, and in private and rented vacation homes). The possibility of partial workplace financing of private forms of vacationing creates a new situation for bodies providing tourism services and will compel them to improve the quality of the service they provide and make more efforts to obtain clients. This will also increasingly affect the workplace vacation base and workplaces will gradually turn their own facilities into financially autonomous service units.

It is foreseen that the number of people travelling abroad will increase by over 5 million (15 percent more than in 1986), of whom about 1.3 million will visit countries of the second area of payments. The size of funds that can be spent on eliminating the tourist deficit with the socialist countries prevents an increase in organized trips to these countries. Therefore, it is essential to increase tourist exchanges between friendly workplaces, youth organizations, and so on that do not involve spending foreign currency.

Trips to countries of the second area of payments will continue to be paid by people out of their own foreign currency resources.

3.6 Physical Culture and Sports [subhead]

The basic path of action stemming from the physical culture development program will be to increase young people's and children's sporting activity. This will be encouraged by young people's increased participation in extracurricular activity.

The programs for spreading sports among the adult population will be implemented consistently. Apart from a general improvement in one's physical condition, this should also ensure favorable changes in the ways in which free time is spent. This is meant to be encouraged by a greater use of the sports facilities of social organizations and associatons, factories, and schools. [paragraph continues]

It is essential to make workplaces and associations more interested in organizing sports events and developing sports facilities. In joint action with housing cooperatives, more housing districts will be equipped with basic sports and recreational facilities.

Competitive Sports [subhead]

Concerning competitive sports, the basic task is to properly prepare for the 1988 Olympics and maintain the standard that has already been achieved and which is often the yardstick of Poland's position in the world and -- most importantly -- a factor that encourages children and young people to take up sports.

3.7 Work Safety and Hygiene [subhead]

Work safety and hygiene in state workplaces and the possibilities of improving them are varied. There has been a long period of neglect in many plants and improvements to work safety and hygiene now require considerable resources to achieve a standard capable of being felt by work forces. At the same time, cases of insufficient concern by plant managements and workers' self-management bodies for the working conditions of their work forces and a failure to allocate enough funds for this purpose out of the profits that have been distributed are still common.

In particular, growing difficulties are being faced by those plants where removing hazards to life and health requires profound reconstruction or new technology.

The number of plants in which health hazards are at the maximum permissible limit is 1,700, of which particularly difficult conditions exist in about 400. Those plants on the chief labor inspector's list require particular concern.

For many years, plants with particularly difficult conditions have been attracting work-related diseases. For several years, the number of people suffering from such diseases has remained in the area of 8,500-9,000 new cases annually.

Basic Tasks [subhead]

In accordance with the resolution on the 1986-90 National Socioeconomic Plan, the basic task in 1988 is to improve work safety and hygiene, especially to reduce the number of accidents at work, combat work-related diseases, and reduce the number of people working in conditions that constitute a health hazard. This will mainly be achieved by:

-- Mechanizing and automating work that constitutes the greatest health hazard;

-- Gradually abolishing, as part of the economic restructuring, more plants and premises that are outdated and present real health dangers and where there is no possiblity of ensuring adequate work safety;

-- Sharpening sanctions for plant managers who fail to provide their workforces with safe and hygenic working conditions despite the possibilities of doing so;

-- Imposing fines on the manufacturers of machines and equipment for producing machines that fail to meet the proper standard of work safety, hygiene, and ergonomics; or for supplying machines marked with the safety letter "B" which do not meet certification standards; or for supplying machines that have not been certified at all;

-- Increasing the responsibility of designers and investors for the conformity of capital investments to work safety and hygiene regulations;

-- Imposing a ban on investments whose plans fail to conform to the standards of work safety, hygiene, and ergonomics; making wider use of the scientific research base in order to improve work safety and hygiene; and introducing ergonomic standards;

-- Amending and improving the legislation dealing with work safety and hygiene, in order to adapt it to the changes in technological processes and the system of management;

-- Making sure that plant managers obey the bans issued by the State Sanitary Inspectorate and State Labor Inspectorate to eliminate or restrict dangers to the health of workers;

-- Increasing the responsibility of plant managers for regular training sessions for workers on the subject of work safety and hygiene;

-- Propagating more widely the teaching of work safety, hygiene, and ergonomics in secondary schools and colleges;

-- Performing stricter periodic checks on the health of workers, especially those exposed to health hazards;

-- Ensuring a complete supply of personal protection equipment for workers;

-- Imposing sanctions on and restricting the benefits of workers if an accident at work was caused by a failure to observe the rules of work safety and hygiene.

Activity to create safe working conditions in private farming will be stepped up.

The Resources for Economic Improvement [subhead]

In 1988, the economic concessions which encourage enterprise to improve work safety and hygiene will be maintained. [paragraph continues]

Economic units will continue to receive income tax concessions to enable them to recoup the costs of investments serving to reduce health hazards, as well as the costs of introducing Polish inventions serving this purpose. Preferential credits for investments aimed at improving work safety and hygiene will be maintained. The expansion of premises aimed at improving working conditions will continue to be exempt from security deposits. Enterprises with the most difficult working conditions will be exempted from paying depreciation costs. Those plants that manufacture equipment essential for improving working conditions will continue to receive income tax concessions so that they may increase their production thereof.

In order to increase the funds of enterprises which produce asbestos and to enable them to carry out the necessary investments to eliminate acute dangers to workers lives and health, subsidies may be granted to these enterprises from the central budget or from the voivodships' centralized amortizations accounts.

Government orders for protective and working clothing as well as for footwear and gloves will continue to be placed so that workers' needs for this clothing can be met more effectively. The volume of the 1988 production of these items will meet the quantitative needs of the workers, but paying special attention to the quality of these items is a crucial element of improving the situation of protective clothing.

Other Benefits [subhead]

Workers, whose working conditions are especially harmful to their health, will continue to enjoy the present benefits such as earlier retirement, additional payments, health vacations, shorter working time, and special health foods.

3.8. Social Facilities in Enterprises [subhead]

Plant Social Fund [subhead]

The introduction in 1987 of the law on the plant social and housing funds helped to standardize the principles of creating basic contributions to these funds in all production enterprises (except schools). At present, the basic contribution from a worker amounts to 25 percent of the average monthly wage paid in the socialized economy in the preceding year. These contributions have not been considerably increased. It is estimated that in 1988 basic contributions to plant social funds will amount to about Z85 billion compared with about Z76.5 billion in 1987 and Z60 billion in 1987. [year as published]

This increase will make it possible to increase per capita benefits for those entitled to them. Tying basic contributions to average wages in the socialized economy in the preceding year makes it possible to increase the value of these contributions each year.

Aside from basic contributions, enterprises as economic units are able to make independent contributions to their social funds by using their profits. In addition, it is possible to increase the social fund on account of:

-- Employment of group I and II disabled people (up to 25 percent of basic contributions);

-- Social care over retired normal and disabled people (up to 15 percent of basic contributions);

-- Employment in particularly difficult and harmful working conditions (up to 25 percent of basic contributions);

-- Payments from the work force fund.

Administering such greatly increased social funds is the task of enterprises, whose particular task is to:

-- See that the fund benefits are given to workers with large families, lone workers bringing up children, and workers earning lowest wages;

Improve the quality and extend the range of rest facilities for children and young people, of vacations for workers, and of physical training, tourism, and so on.

In addition, the aforementioned law makes it possible to collect amortization contributions accruing from the fixed assets used for social activities in enterprises. Enterprises will collect full amortization contributions as of 1990. In 1987-89 amortization contributions will be modified by an index, which will be 0.4 in 1987 and will be increased by 0.2 every succeeding year. The production enterprise administers all these assets and spends them to finance its social investments and modernization and repairs of social facilities. The rational administration of these assets should help raise the standards of the social base in enterprises and improve its exploitation.

Plant Housing Fund [subhead]

As of 1 January 1987, crucial changes have been made in the principles of creating plant housing funds. Basic contributions have been increased and their annual revaluation on the strength of the increases in the average wages in the socialized economy in the preceding year has been ensured. Per worker contributions to the housing funds account for 12.5 percent of the average monthly wage in the socialized economy in the preceding year.

It is estimated that basic contributions to the housing funds will amount in 1988 to about Z46.5 billion compared with Z36 billion in 1986. It is also possible to increase the plant housing funds by contributions from the workers fund or from extra cooperative profits and to exempt these contributions from taxation.

Production enterprises have the right to fix detailed principles of administering the plant housing funds and are thus fully responsible for correctly disposing of these funds in line with social polity.

The increased importance and status of plant housing funds should add to their ability to protect workers with low wages and with large families, disabled people, war veterans, and retired workers receiving normal and disabled pensions.

Increased contributions to plant housing funds will also make it possible to intensify the development of housing construction sponsored by enterprises.

Presenting these principles to society for consultations, the Council of Ministers appeals especially to self-management bodies, work forces, enterprises, enterprise managements, sociopolitical organizations, and trade unions to accept these principles as the foundation on which to plan activities of enterprises in line with the interests of work forces and the entire economy, and to express their views on how to implement these principles and how to modify them in an advantageous way so that the draft 1988 Central Annual Plan created on the strength of social consultations is able to cater more effectively to the potential of our economy and to correctly exploit its reserves in order to make progress in accomplishing planned social tasks.

Of particularly crucial importance will be views concerning:

-- Possibilities to lower material and energy costs and to score in this way better production results than originally planned;

-- Ways of ensuring a higher growth rate of profitable exports of highly sophisticated goods, which would enable us to overcome many barriers that hinder production increases and improvements in the flow of consumer goods;

-- Basic principles of distributing the national income;

-- Effective economic measures, especially those in technological progress, in order to be able, with the resources of our economy, to accelerate the country's economic development and ensure better prospects for increased consumption.

The Planning Commission cooperating with the appropriate state administrative bodies will organize consultations on these principles with the help of the mass information media.

A questionnaire will be sent to enterprises in order to obtain the views of workers, self-management bodies, and plant managements on how to achieve progress in developing production and lowering costs in 1988.

The Planning Commission and other state bodies will ask social, occupational, and scientific organizations to state their views on the detailed issues interesting them. Ministries and central offices will supply these organizations with the necessary additional information on all questions concerning the principles of the plan.

BRIEFS

SOVIET FRONTIER POST CEREMONY -- In Bialystok several days ago, the frontier post of the Grodno unit of the USSR border troops was named after Soviet-Polish friendship. The ceremony took place with the participation of personnel from the neighboring frontier posts on both sides of the border. It was attended by the commander of the USSR border troops western district, Lieutenant General (Georgiy Ivanovich Stus); his deputy for political affairs, Major General (Georgiy Georgiyevich Titov); the commander of the border protection troops, L. Gen Feliks Stramik; and his deputy for political affairs, Maj Gen (Stanislaw Brodzinski). [Text] [Warsaw Domestic Service in Polish 0600 GMT 2 Aug 87 LD]

SECRETARIAT ISSUES STATEMENT ON RISING BREAD COSTS

LD032145 Belgrade TANJUG Domestic Service in Serbo-Croatian 1558 GMT 3 Aug 87

[Text] Belgrade, 3 Aug (TANJUG) -- The Federal Secretariat for Market and General Economic Affairs has issued an order to the Federal Market Inspectorate to urgently investigate and exercise control over how the regulations on flour and bread prices are being implemented. This is because in practice these prices are being formed in a way which is not in keeping with the price protection of wheat. Today's statement from the Federal Secretariat for Information on the matter says:

On the basis of the established prices policy for 1987, according to which the prices of primary agricultural products are formed independently according to market conditions, protection prices were also recently set for basic agricultural products for the 1987 harvest. On the basis of the new protection prices, grain milling and bakery organizations have established new prices for flour and bread. However, information indicates there have been deviations in implementing the established prices policy; that is, that in practice the prices of flour and bread are being formed at a level for which the level of prices protection of wheat gives no grounds. With this in mind, the Federal Secretariat for Market and General Economic Affairs has issued an order to the Federal Market Inspectorate to urgently investigate and exercise control over how the regulations on flour and bread prices are being implemented.

On 5 August there will be a meeting at the Federal Secretariat for Market and General Economic Affairs with representatives of organs responsible for the area of markets and prices of the republics and provinces. This meeting will examine the existing situation and propose measures to remove obvious deviations from the established prices policy in the area of supplies and price levels for flour and bread throughout the whole country.

Information from the Federal Secretariat for Market and General Economic Affairs also notes that the FEC has extended the validity of the decision on maintaining the prices of wheat flour type 850 and basic types of bread produced from flour types of the relevant level. This decision will be applicable until 15 August.

A decree has also been passed on the compulsory availability for sale of this type of bread in a quantity of at least 30 percent of the total bread turnover. It is also recommended that grain milling organizations should form the prices of flour type 500 (white flour) at a level of 450-460 dinars per kilo, and that on the basis of this price flour baking organizations should form the prices of basic white bread at not more than 500 dinars per kilo. The prices of other types of bread (improved and added quality, special kinds, and so on) may be formed independently by the baking organizations. The said measures were agreed on 24 July with representatives of the grain milling organizations of the republics and provinces, on 27 July with republican and provincial institutes for prices, and on 28 July with the secretaries and presidents of the organs responsible for markets of the republics and provinces.

FLOUR, BREAD, ALCOHOL PRICES RISE IN MONTENEGRO

LD032001 Belgrade TANJUG Domestic Service in Serbo-Croatian 1103 GMT 3 Aug 87

[Text] Titograd, 3 Aug (TANJUG) -- The prices of white flour in Montenegro rise today by some 110 percent. Depending on the manufacturer, a kilogram of flour type 500 costs from 570 to 600 dinars.

Bread is being sold at new prices in individual municipalities and most probably new price lists will be applied in all places in Montenegro starting tomorrow. According to calculations of bakery organizations, an 800 gram loaf of white bread will cost over 500 dinars.

The well-known manufacturers of alcoholic drinks, the Titograd agro-combine, 13 July, has increased the prices of its products by 50 percent. Crnogorski Prvjenac spirits, instead of costing 6,354 will now cost as much as 9,000 dinars. Vine spirit will now cost 2,970 (previously 2,106) and Vranac wine 1,451 (previously 920).

BELA PALANKA FACTORY CONTINUES WORK STOPPAGE

LD032008 Belgrade TANJUG Domestic Service in Serbo-Croatian 1055 GMT 3 Aug 87

[Excerpts] Bela Palanka, 3 Aug (TANJUG) -- Most of the collective in the Buducnost factory in Bela Palanka, which numbers 550 workers and specialists, continued its work stoppage this morning.

Workers stopped work on Friday demanding bigger personal incomes by as much as between 100 and 150 percent. At extraordinary meetings last week workers stressed that the average monthly earnings are between 35,000 and 45,000 dinars and that this is insufficient to cover the increased cost of living. The workers pointed in particular to the latest price rises of electricity, coal, flour, and bread. [passage omitted]

Today's extraordinary meeting, which is in progress, should indicate whether workers are prepared to accept the proposals of the temporary management and continue working, or whether they will continue to insist on their demands and refuse to return to work.

SLOVENIA POSTPONES NUCLEAR PLANT CONSTRUCTION

AU311634 Belgrade Domestic Service in Serbo-Croatian 1300 GMT 31 Jul 87

[Text] The postponement of the construction of nuclear power stations in Slovenia and of the investment of Slovene funds for the construction of such power stations in other republics and provinces until 2000 will also apply to the work that has been begun and their financing in Slovenia and in other republics. This was decided at a session of the Executive Council of Slovenia that discussed a draft bill on a moratorium imposed on nuclear power station construction.

A mistake was made in the report on the session yesterday when it was said that the postponement will not apply to work in Slovenia and to the financing of work begun in other republics and provinces.